

Shane has the last laugh

David Hoppe in Brisbane

THIS is a story about truth, justice and the Australian way. As in most Australian soap operas, the flaxen-haired hero emerges triumphant, while the man unfortunate to be cast as his villainous adversary is crushed. Except that this wasn't a soap opera, it was a Test match.

Everybody with the remotest interest in cricket is now familiar with Shane Warne's bribery allegations against the Pakistani batsman, Salim Malik. The issue has probably run its course, and some will breathe a sigh of relief about that.

But from the start of the first Test at The Gabba, won by Australia at a canter, it was scripted that Warne and Malik would ultimately confront each other in a climactic final episode.

True to the genre, Warne and Malik had dominated earlier episodes, and equally true to the genre, every theme had confirmed a nation's assumptions rather than challenged them.

Malik's brilliant first-day catch to dismiss Australia's captain, Mark Taylor, had brought six stitches in a damaged hand, so questioning his future participation and causing the whole of Australia to fret that their hero would be denied his quarry.

Meanwhile, Shane proved his heroic credentials with a wondrous bowling performance, seven for 23, which set Pakistan on course to an eventual innings defeat. Truly, even by real-life standards, the man is a marvel.

On Monday came Malik's come-uppance. Warne was bowling, inevitably, as he came out to bat at No 8. Just as inevitably, four balls later, Warne dismissed him, for the first time in a Test match.

Malik's hesitant leading edge, against a top-spinner which turned a shade, curled, to mid-off where Craig McDermott plunged to hold a low catch. As testimony to Australia's discipline under Mark Taylor's leadership there was not a word out of place. Warne was hugged by exultant teammates.

In case the essential moral message had been mislaid, Warne unfailingly supplied the required lines.

He announced: "It showed that there is justice in the game. I enjoyed it, for obvious reasons."

It might be pointed out that Tim May, Warne's fellow accuser, had previously dismissed Malik while playing for South Australia in Adelaide in an earlier episode. If the ICC refused to sit in judgment, then some thought it best left to providence. And providence provided incontrovertible proof that Shane Warne really does wash whiter.

Warne's excitement was probably better illustrated by his first response to the How Did It Feel line of questioning. "I thought, go on, please, catch it, Billy," he recalled

excitedly, in a tremulous voice.

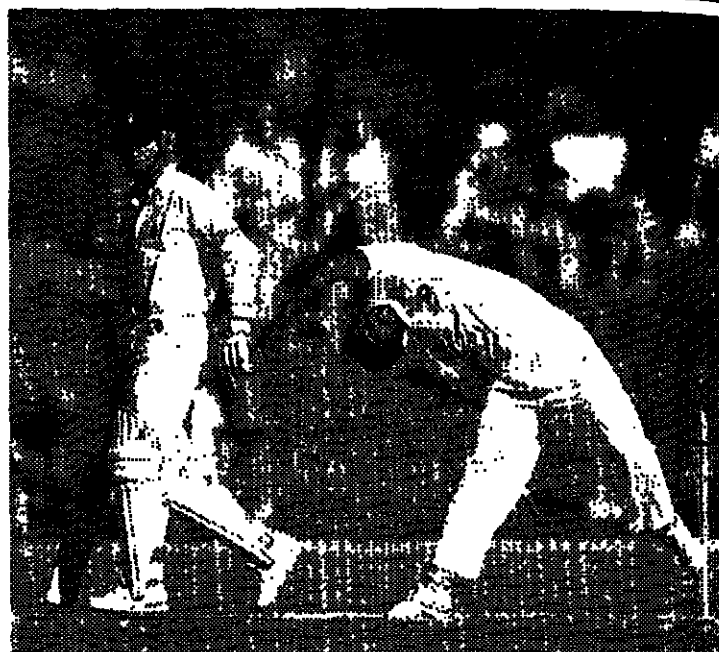
Warne's record at The Gabba is quite staggering. In three Tests against New Zealand, England and Pakistan, he has taken 30 wickets at 10.4 runs each. Brisbane's extra bounce is a crucial factor, allowing him to outwit batsmen as much by flight and dip as by turn. There were four victims in all on the final day, with Wasim Akram sweeping a ball that died on him to deep backward square and the tail-enders undone by the flipper.

Pakistan's last seven wickets came and went on Monday for 23 runs in 14 overs, with Australia's 1-0 lead in the series confirmed 88 minutes into the fourth morning. The tourists have been warmly welcomed, Malik apart, and have conducted themselves impressively. But even allowing for their ability to snap collectively into form at a moment's notice, it is difficult to imagine how they can recover from this.

What was the moral message in Pakistan, one wondered? "Just that the whole thing is a sorry mess," offered one Pakistani journalist. "That, and we must improve our fielding." After the layers of meaning of the past week, it was a relief to know that it could sound so simple.

● In the third and final Test in Cuttack, India's leg-spinner Narendra Hirwani took six for 59 as the rain-ravaged match against New Zealand ended in a draw last week. India took the series 1-0.

● The England women's team coasted to a nine-wicket victory with 10 overs to spare in their one-day international against India in Delhi.



Special delivery... Mike Atherton watches warily as Paul Adams bowls with his extraordinary action. PHOTOGRAPH: GRAHAM CHADWICK

England fall to the A team

PAUL ADAMS, a 5ft 4in 18-year-old with a bowling action that defies medical as well as cricket manuals, turned England's final preparation for the first Test against South Africa this week into a shambles at Kimberley.

In only his second senior match, Adams, a Cape Coloured from the same St Augustine's School that once produced Basil D'Oliveira, tormented England by taking three wickets for one run in 22 deliveries. His victims were Alec Stewart, Graham Thorpe and Graeme Hick, who were all looking to polish up

their batting before the big day. Adams's left-arm wrist spin promises to have the same effect on South African cricket as the leg-spinner Shane Warne has had on the game in Australia.

His action has perplexed the South African coaches but he has known nothing different since he was nine and has been left to it.

England, facing South Africa's formidable 470 for 9 dec, made 308 in their first innings and 309 in the second. The home team reached their target of 148 with ease and won the match by six wickets.

Motor Racing Australian Grand Prix

Hill ends year on a high

Alan Henry in Adelaide

DAMON HILL finally laid to rest the ghosts of a disastrous year when he rounded off the season with an incisive fourth victory in a gruelling race of attrition which saw only eight of the 22 starters survive to take the chequered flag.

It was the 13th win of his career, one short of the record achieved by his late father Graham who won 14 grands prix between 1962 and 1969, and two world titles.

The race took place in a carnival atmosphere in front of a record crowd of more than 200,000 celebrating the last grand prix here before the event switches to Melbourne's Albert Park track for the first race of 1996.

The world champion Michael Schumacher's hopes of beating Nigel Mansell's record of nine wins in a season were dashed when the German retired with damaged suspension after a collision with Jean Alesi's Ferrari.

Despite the dominance of Hill's Williams-Renault, he was fortunate to be under no pressure in the closing stages when a sticking wheel-nut meant the last of his three refuelling stops took 22.1sec.

"The wheel wanted to stay on and I think they had to use a different [securing] gun, so it was an anxious moment," said the Englishman.

"This win has been a great morale-booster. We hoped we would

do this in the last three races at least, but this is now something to lift the spirits of the team through the winter."

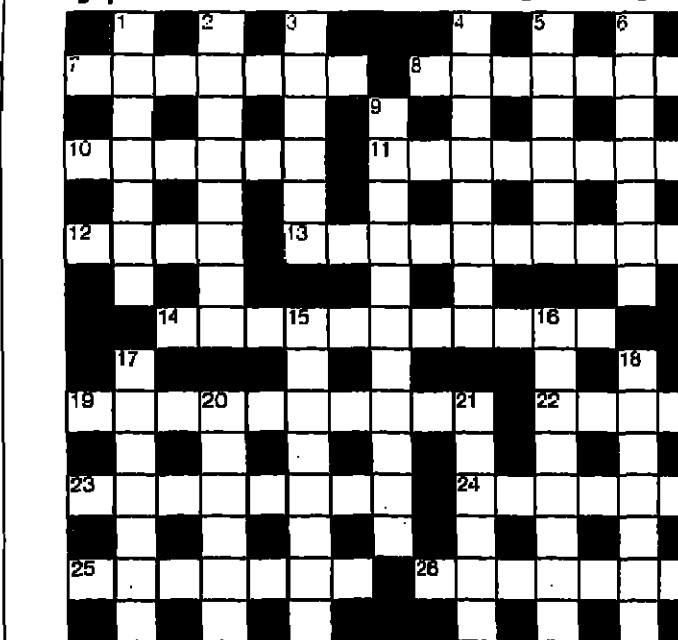
Hill finished two laps ahead of Olivier Panis in a Ligier-Mugen — which covered the last three laps with smoke spewing from a sick engine. Gianni Morbidelli was third in a Footwork-Hart. Hill thus matched Jackie Stewart's record winning margin over Bruce McLaren in the 1968 Spanish GP.

Although starting from pole position, Hill was beaten to the start by his team-mate David Coulthard. The Scot sprinted into the lead before the first corner. But bowed out in embarrassing style when he hit the wall coming into the pits for his first refuelling stop at the end of the 20th lap.

The young Scot has demonstrated he has the speed to race with the best, but that was the latest in a sequence of lapses which have bugged him in his first full season. Spins at Montreal, Imola and on the parade lap at Monza are evidence that his talent has yet to fully mature.

● Mika Hakkinen was sitting up and talking in the Royal Adelaide hospital after his 130mph crash during the first practice session last week. The McLaren driver will be kept in hospital for one to two weeks for observation, though there is no evidence of long-term damage.

Cryptic crossword by Plodge



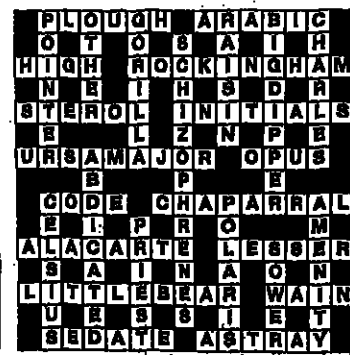
Across

- 7 Sauce for 10 fits Neville to a T (7)
- 8 Drink set about a natural remedy (7)
- 10 At the rear of the queen's course (8)
- 11 Free church pastor in charge of the 24... (8)
- 12 ... And a duff lump of 10 (4)
- 13 Wander about the river and brew a singular 24 (10)
- 14 Cater indifferently for the French trolop, making 10 (7,4)
- 19 To freckle after a sunbathe produces 10 (5,5)
- 22 Spotted a 10 with Francis

Down

- 23 With 14 part 2, gardens of the east are in the sphere of 10 (8)
- 24 Originally, the second person's heard first for 10 (8)
- 25 An infrequent mouthpiece for 10 (7)
- 26 Mechanic demands the right to be 10 (7)

Last week's solution



Can ink cool hot blood in Bosnia?

COMMENT
Martin Woolacott

THE American mediators seeking an end to the Yugoslav wars have been in search of signatures. A piece of decide-edged paper, in a fine leather folder, passed from leader to leader, an exchange of fountain pens, cameras, lights — we all understand these scenes from the symbolic theatre of international relations.

Signatures, however, have never been the real problem in former Yugoslavia. They have always been available when the outside powers have insisted, but have never been sufficient, since there are always a dozen ways to justify the breaking of an agreement. David Owen is only the latest in a series of negotiators to complain that in former Yugoslavia commitments mean absolutely nothing unless they can be enforced. And enforcement will remain questionable as long as the Republicans in Congress continue to oppose the dispatch of American troops.

But it is true that the battlefield changes of the past few months have radically altered the attitudes of two of the contenders. The Bosnian Serbs suddenly realised what Belgrade already knew, that they were well on the way to losing the war, while the Croats became equally suddenly aware that they had achieved considerable military strength and could use it. That gave them the Krajina, and seems to have put Eastern Slavonia in their grasp.

The Croats' war, as most of them see it, is won, and with the return of Eastern Slavonia, if it proceeds as Zagreb expects, they will have no serious reason for fighting. Those Croats who wanted a further Bosnian-Croatian military push, to bring down the Bosnian Serb regime, have not won the argument, certainly for the time being.

The losers, as usual, are the Bosnians, whose war, with Croatian help, was finally going well, but who are now called on to halt it. This at the very moment when well-armed Bosnian troops can see the villages from which they and their families — continued on page 3

I will not go quietly, says Princess Di

Andrew Gull

THE PRINCESS of Wales delivered an explosive insight into her disastrous marriage this week and cast a huge shadow over the prospects of Prince Charles ever becoming king.

In a graphic portrait of a royal family wracked by adulterous relationships, the princess forecast she would never become queen — and hinted that her estranged husband should be passed over by Prince William as the next king.

Her first solo television appearance stunned observers with its frankness, as she described her husband's advisers as the enemy — and posed a formidable dilemma for the royal family.

Referring to her future role, she pledged: "I won't go quietly, that's the problem. I'll fight to the end, because I believe that I have a role to fulfil, and I've got two children to bring up."

Her devastating retort against the prince prompted a fierce counter-attack from his supporters, who accused her of "paranoia and being on the point of mental illness".

The princess used the unprecedented hour-long interview on BBC TV's Panorama on Monday night to admit her own affair with former cavalry officer James Hewitt and to describe her marriage as a three-way affair, also involving Camilla Parker Bowles.

Admitting she had suffered from post-natal depression and bulimia, she accused an unsupportive husband and royal household of trying to portray her as an unbalanced "basket case".

The princess claimed there had been a persistent campaign to discredit her, and described her husband's office as the "enemy".

She claimed members of the royal household attempted to thwart her role after the separation because they believed she was a problem. Visits abroad were blocked and letters intercepted, she claimed.

She hinted she would prefer Prince William to succeed the Queen when he comes of age: "My wish is that my husband finds peace of mind, and from that follows other things."

She said she did not want a divorce because of the impact on the children, but it was a matter for her husband to clarify. "Our boys — that's what matters, isn't it?"

Asked by interviewer Martin Bashir whether she had been unfaithful with Mr Hewitt, she said: "Yes, I adored him. Yes, I was in love with him. But I was very let down."



The Princess of Wales during her hour-long BBC interview: 'I'd like to be a queen in people's hearts'

The princess told of her isolation because of her husband's love for Mrs Parker Bowles: "Well, there were three of us in this marriage, so it was a bit crowded."

She denied she had had an adulterous relationship with businessman James Gilbey — and said the so-called Squidgygate tape was a deliberate attempt to set the public against her.

The princess repudiated claims that she had made 300 phone calls to her friend the art dealer Oliver Hoare: "I was reputed to have made 300 telephone calls in a very short space of time which, bearing in mind my lifestyle at that time, made me a very busy lady. No, I didn't. But that again was a huge move to discredit me, and very nearly did me in, the injustice of it."

In the interview, watched by 21 million viewers in Britain and on the BBC's International channels in 111 countries, the princess spoke about the post-natal depression she suffered after the birth of Prince William.

"It gave everybody a wonderful new label — Diana's unstable and Diana's mentally unbalanced. And unfortunately that seems to have stuck on and off," she said.

The princess admitted she had tried to injure herself by burning her arms and legs and then suffered the slimming disease, bulimia, because her self-esteem had been at a low

ebb. "I was crying out for help," she claimed. Solemn, but composed, she told Mr Bashir she had wanted her marriage to succeed: "I desperately wanted it to work, I desperately loved my husband and I wanted to share everything together, and I thought that we were a very good team."

A recurring theme throughout the interview was media pressure, which she described as daunting. "I seemed to be on the front of a newspaper every single day, which is an isolating experience, and the higher the media put you, place you, is the bigger the drop. And I was very

aware of that." Later she said: "I've never encouraged the media. There was a relationship which worked before, but now I can't tolerate it because it's become abusive and it's harassment."

The princess, who is about to visit Argentina, said she hoped her future role would be as an ambassador for Britain, representing the country abroad.

The Queen and Duke of Edinburgh missed the broadcast, attending the Royal Variety Performance.

Simon Hoggart, page 9

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Ex-communist ousts Walesa

Rabin's assassin unrepentant

Algeria rejects both extremes

Howard plays politics with race

How to ensure Saro-Wiwa did not die in vain

NO AMOUNT of anguish or anger can turn back the clock for Ken Saro-Wiwa and his eight colleagues, or their families, but if such tragedies are to be prevented, rather than simply reacted to, countries in their various international collective groupings (European Union, Commonwealth, United Nations) must immediately start to apply a basic minimum standard of behaviour as a pre-requisite of membership, or continuation of membership.

I see no reason why a minimum set of human and democratic rights, together with a minimum set of environmental standards, should not be incorporated by all international bodies, and, ideally, become the basis on which individual countries base their international relations — including trade.

At the moment, governments and companies like Shell forge alliances and strike deals in an ethical vacuum, defining their self-interest on the basis of the old Foreign Office edict that "my enemy's enemy must be my friend", or in the terms dictated by the marketplace. Yet this way of doing business will increasingly backfire as the tensions between human economic aspirations and a degrading environment, intensify. Iraq and Nigeria are part of a trend, not one-off problems.

Also, as Iraq, Nigeria and the former Yugoslavia demonstrate floridly, it is no longer possible to assume that negotiations can be conducted with partners who are fully signed-up to a rational process. Coping with international relationships on a floor slippery with hypocrisy, bluff and worse will require a firm ethical rail for governments and companies to grasp if they are to stay upright.

The World Trade Organisation,

potentially the most powerful global institution we have, is currently setting up shop. Here is an ideal opportunity to map out what an ethical flat-playing field might look like.

Sarah Parkin,
Lyon, France

THE Auckland decision is a landmark. But we should not forget the ongoing needs of ordinary Nigerians. Military dictatorships can last a long time. Saddam is still in power in Iraq. It took 33 years for South Africa to rejoin the Commonwealth.

All of the Commonwealth players will need to do their bit if the Abacha tyranny is to come to an end, and if Nigerian civilians can then, for the first time, establish a sustainable democracy with guaranteed rights and an economic future.

In addition to appropriate sanctions, the Commonwealth Human Rights Initiative's September report of a fact-finding mission, Nigeria: Stolen By Generals, called for active support for human rights and democratic groups and for the agencies of civil society. Decades of repression, and of military and business corruption, have taken their toll. There are other political prisoners kept in chains after trumped-up charges before military tribunals. This is a regime with blood on its hands, which pretends not to care.

Suspension from the Commonwealth is only the beginning of what may be a long struggle. The rights of Nigerians should not be treated as a brief headline or soundbite in the 51 other member countries.

Richard Bourne,
Chair, Trustee Committee, Commonwealth Human Rights Initiative,
London

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WELL SHELL, here we go again! When you are not fouling your own backyard, you are propping up criminal military dictatorships in such "safe" countries as Nigeria. Until you stop destabilising our planet, and begin to show even the slightest corporate decency, I for one will no longer be purchasing your products. Call me old fashioned, but I prefer that my petrol is not soaked in blood.

Harry Rowland,
O'Connor, ACT, Australia

ANYONE afraid that Nigerians will suffer due to economic sanctions has nothing to fear. Nigerians are suffering now, and have suffered under increasingly harsh military regimes for decades. Ordinary Nigerians see none of the oil wealth anyway, so the loss of it through sanctions will hardly be felt at all.

I hope international efforts on behalf of Nigeria will not stop at Commonwealth expulsion. Economic, diplomatic and sporting sanctions must be used as well. Ordinary Nigerians would be willing to suffer a little longer to get these people out. A return to democracy is not scheduled for another three years. Sanctions could work in a matter of months.

B Akintoye,
Longsight, Manchester

Quebec's distinction

IN YOUR editorial (November 12) you write: "Twice in this decade the rest of Canada has rejected constitutional arrangements which would have restored to Quebec the status of a 'distinct society'."

This statement is misleading if not factually wrong. The "twice" refers to the failed Meekle Lake Agreement and the Charlottetown Accord. The former failed because two out of the 10 provincial leaders refused to sign. Both of these provinces (Newfoundland and Manitoba) have smaller populations than the top four in Canada. The agreement was also unanimously criticised for excluding public input. This is hardly a rejection by "the rest of Canada".

The Charlottetown Accord was vetoed by a Canada-wide referendum, the results of which had the same percentage of Québécois as all Canadians rejecting it. In this case Quebec also "rejected" the constitutional proposal, a point not mentioned.

Gerald Parnis,
Sydney, Australia

THE EDITORS of Le Monde seem to have injected some wishful thinking into their editorial "Quebec moves closer than ever to making the break" (November 12). While Le Monde reported that the "Out" side captured a thin majority of 50.6 per cent, we who read more reliable papers know that it was in fact the "Non" side — that supported staying in Canada — which recaptured the albeit slim majority of the vote.

Diana L. Torrens,
Oslo, Norway
Apologies for the error, which occurred at the translation stage

WHAT international editorialists who urge "the rest of Canada" to strike a compromise with the separatists seem to miss is simple arithmetic. Although 49 per cent of the voters of Quebec voted for sepa-

ration, that province comprises only 23 per cent of Canada's population, so at least 88 per cent of Canadians, most of whom have had no vote on the separation issue, still want the country to stay together.

Given the broad acceptance of a "divided" Canadian society threatened by "divorce" there is little doubt which of the "two" sides has already won the propaganda war.

Fraser Thorburn,
Burnaby, British Columbia, Canada

Israeli tears mark change

BARTON GELLMAN's article ("Israelis split over soldiers' tears", November 5) missed an important point. Ageing combat veterans are right to be concerned about this display of emotion, because it is a sign that their patriarchal society is crumbling — finally.

For thousands of years men have maintained the "biblical stiff upper lip". They have been taught to be "strong" and "tough", always in control. In other words, they have denied and suppressed their feminine qualities, which means they do not feel emotions, or deny them when they surface.

I suppose this denial makes an effective soldier and killer, but the cost to our society has been unspeakable. Perhaps it is time for man to end the continual fighting and violence that has been the most notable feature of our recorded history.

I am more comfortable knowing that a soldier is capable of feeling sorrow and grief at the unnecessary loss of a unique and irreplaceable commodity — a human life. Just as women are starting to recover their masculine side, it's time for man to recover the ability to care, nurture and love. Only in this way can we heal the world.

Unfortunately, old ways die hard. The outrage at soldiers' tears is a sign that the patriarchal society is trying to cling to outmoded and obsolete modes of behaviour. I offer my blessing to all those who have the courage to care, and to suggest that a better world is possible.

Geoffrey K Sigworth,
Johnstown, Pennsylvania, USA

JEWISH distress for the murder of President Rabin is natural. Expression of this distress "that a Jew has murdered a Jew" is irrational. This "assassin who grew up in the dark" is a type, a kind of young mind which, once a contaminated idea takes hold of it, cannot let go. The idea works its way like a virus in the mind's conscience, fevering it, inflaming it out of shape, distorting conscience into a murderous mutant. It is no longer a human conscience. All healthiness has been eaten away.

To declare a Jew has murdered a Jew is melodrama. An age-old and recognisable mutant, found in all cultures, races, religions, who this time happens to be a Jew, has murdered Israel's prime minister. The lesson to be learned is: watch your tongues, rhetoricians, you can't be certain who's listening.

Arnold Wesher,
Denison University, Alexandria,
Ohio, USA

IF POLITICAL assassination is to become a thing of the past in Israel, then surely it can no longer be a tool of Israeli governments.

Terry Jones,
Thurso, Caithness

Briefly

SO AT LAST a gay gene has been discovered. Gay people who embrace this news as positive are surely misguided. Such a "discovery" will encourage, at best, a patronising sympathy for the poor dears who can't help it because they are born that way. At worst — who knows? This is part of a worrying trend towards biological explanations for human behaviour engendered by deeply conservative principles. No doubt scientists will soon "discover" that women have a genetic predisposition towards subservience.

Jan Krellin,
Thorpe Market, Norfolk

JAMES LEWIS reports ("The Week in Britain", November 5) that the North and mid-Hampshire health Commission would no longer automatically pay for therapeutic abortions for girls under 18 years on the grounds of "keeping within the budget". Such a claim is obviously quite spurious as the cost of pre-natal care, delivery and post-natal care for mother and child is much greater than that of abortion. This does not take into account the social and welfare costs of caring for teenage mother and child. In Canada, when this type of justification is advanced, it usually means the hospital board has been taken over by an anti-choice faction.

John Bury,
Saskatoon, Saskatchewan, Canada

RECENTLY the baby milk company Nestlé has taken to advertising through the Post Office franks on my mail, with the words "Have a break, Nestlé Kit-Kat". When I send greetings to friends this Christmas I do not wish this company to be advertising without my permission on envelopes or postcards that I have bought. Does anybody know of a way this corporate graffiti can be stopped?

Christopher Pain,
Sevenoaks, Kent

BEFORE we all get carried away with righteous dismay at Colin Powell's decision not to seek the presidency in 1996 ("Too bad he isn't a candidate", November 19), composing bittersweet odes on the third theme of "what might have been", it seems prudent to recall an earlier incident of what the article refers to as his "sensible" and "unflustered" question-finding. During the course of the Gulf war, the General was pressed about the mounting number of Iraqi dead. The reply was a cool, "It's really not a number I'm particularly interested in."

If free elections, as Eduardo Galeano writes, are now only about choosing the sauce with which we will be eaten, then I am glad to have escaped this basting-by-association.

Matthew Watkins,
Montreal, Quebec

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Hot blood in Bosnia

Continued from page 1
were expelled, and know they could take them if given the order. As long as those soldiers, and their generals, remain as angry as they are today — and that will be for a long time — there must be a serious chance of new fighting.

No piece of paper can end the conflict in these lands. It is embedded in the pattern of territorial holdings, which none regard as just, even those who have taken most from their enemies. It is embedded in the political structures that have grown up during war, structures that combine the inheritance of one-party states with the crudity of one-people ideologies and the corruption that has flourished in wartime black economies. It is in the hearts of the embittered refugees who demand redress, and whose children may do the same.

The question, rather, is whether the conflict will cease to be mainly military. If it does, how will it be pursued politically?

In the south Slav states, the war will continue to dominate politics even if large-scale recourse to military action ceases. In Croatia, the issue is whether Franjo Tudjman will be able to use his military successes to enshrine himself and his party in a permanently dominant position, or whether genuine party politics and a free press can emerge. Recent elections gave an unexpectedly qualified answer to that question. The answer to it overlaps with another, which is whether the Tudjman government will support the Bosnian-Croat federation or instead continue to develop its sphere of influence in Bosnia into a de facto additional province.

In Serbia, can anything stop the elevation of Slobodan Milosevic into a so-called statesman and his entrenchment in power? In Bosnia, can the ruling party resist bad single-party habits, as well as corruption, or can it create a government offering a real multi-ethnic model, a model that might, by its influence, eventually change the politics of its neighbours as well?

In the Bosnian Serb statelet, even if Radovan Karadzic and Ratko Mladic go, can any kind of good government be created from the dismal establishment that has grown up during the war? In time, will Serbia manage a de facto annexation, particularly if Tudjman has pursued a de facto annexation on his side of Bosnia? Can any stipulations on the right of return be more than a dead letter?

War may or may not recur in former Yugoslavia. There is some prospect that it will not. But war politics will go on. The optimists argue that, if the threat of war recedes, the factors that have shielded leaders from popular discontent and effective opposition will weaken, and these states will begin an evolution like that of the rest of Eastern Europe, problematic but not despicable. The pessimists fear that regimes will draw their strength from the war mentality long after actual fighting may have ceased.



Going in for the kill... A Sri Lankan army column moves into the suburbs of Jaffna as Tamil rebels still hold out in the city centre. Government troops made a final push for the rebel bastion on Monday, and a fierce battle took place around the Hindu temple of Nallur on the outskirts of the city. An élite brigade took over the assault from regular troops at dawn on Monday and headed for the main square

Ex-communist ousts Walesa

Matthew Brzezinski in Warsaw

ALEXANDER Kwasniewski, the reformed communist who narrowly defeated Lech Walesa in Sunday's presidential election, pleaded for unity as Poles digested the results of a deeply divisive campaign.

Mr Kwasniewski, who captured 52 per cent of the vote to Mr Walesa's 48 per cent, faces a challenge in bridging the gulf between his supporters and voters who remained loyal to symbols of the Solidarity opposition movement that toppled communism in 1989.

He called on Mr Walesa "to work together on common goals" such as the process of Western integration, and proposed "building a great camp of hope" that would bring all Poles together.

But many were openly sceptical about the directions Poland would take under the young leader. "I am afraid of Poland completely dominated by Mr Kwasniewski's political camp," said Adam Michnik, editor of the mass circulation daily *Gazeta Wyborcza*. "His true test will be if the dark prognoses do not come to pass."

Many Poles are anxious that less

than six years after the communists were ousted, their political successors now enjoy a virtual monopoly on power. The party Mr Kwasniewski leads, the Democratic Left Alliance, swept parliamentary elections two years ago and forms the government. Large parts of the judiciary and most of the state administration are sympathetic to it. Such domination by a political force only recently converted to democracy could breed corruption and unaccountability, critics argue.

Mr Kwasniewski, aged 41, was a junior minister in the last communist government. Today, he rejects communism and has offered half-hearted apologies for it. He describes himself as a social democrat and appears genuinely committed to market reform and continuing the process of European integration. On Sunday he assured reporters that "the pillars of reform" would be safeguarded.

But to continue those reforms, he will have to assert himself within his own party where enthusiasm for Nato membership and *laissez-faire* economics is not overwhelming. His party apparatus, particularly in small towns to which he is heavily

indebted for their support during the campaign, will demand concessions in these areas.

Observers will be closely watching the signals he sends when he replaces Walesa appointees after assuming office in late December. On Monday, defence and interior ministers announced their resignations. The foreign minister was expected to follow suit.

Another question mark was whether President Walesa would bow gracefully out of public life. "In politics, it's important to know how to lose," warned Włodzisław Cimoszewicz, the leftwing deputy speaker of parliament. That was a reference to Mr Walesa's warning several months ago that if he were to lose, he would recreate a second Solidarity opposition movement and take to the streets. The threat is causing concern even among supporters of the president. "We must avoid all references to a cold civil war," pleaded Mr Michnik.

Mr Walesa's downfall began during the first democratic elections five years ago. It was in that campaign that Poles first saw the dark side of their future president.

Comment, page 12

Bomb kills 14 at Egyptian embassy

Gerald Bourke in Islamabad

AT LEAST 14 people died and 60 were injured when a presumed suicide bomber blasted his way into the Egyptian embassy in Pakistan's capital on Sunday.

Within hours three militant Islamic groups in Egypt — al-Gama'a al-Islamiya (Islamic Group), Jihad (holy struggle) and the International Justice Group — claimed responsibility for the bombing.

According to one account, a bomb may have been thrown at the embassy gate to blast it away so the bomber could drive a van packed with explosives into the compound.

The massive explosion, audible several miles away, gouged a huge crater at the entrance to the mission and destroyed several offices.

Pakistan's interior minister, Nasirullah Babar, told parliament 14 men had died, including five Egyptian officials, seven Pakistanis, an Afghan and a man of unknown nationality.

Fleets of ambulances rushed casualties to hospital, many of them passers-by, while troops and police threw a security cordon around the area. "Most of the injured being shifted to hospitals have lost limbs," one witness said.

The Egyptian ambassador, Muhammad Noman Ghali, was shaken but unscathed. "I was in my office, it just collapsed around me," he said. Al-Gama'a militants had a strong presence in Pakistan for years when they fought to oust the former Soviet Union from Afghanistan. But three years ago, following appeals from President Hosni Mubarak, who blamed them for a series of terrorist attacks in Egypt, the Islamabad government detained several suspected members. After the recent conclusion of an extradition treaty with Cairo, Ms Bhutto's government repatriated a number of them.

Amnesty International is urging Egypt to set free 82 members of the fundamentalist Muslim Brotherhood awaiting judgment in a military court on charges of anti-government activities. The human rights group said the Brotherhood members, who have publicly rejected violence in their campaign to turn Egypt into an Islamic state, were civilians who should not be made to stand trial in military courts.

Mubarak interviewed, page 18

EU vote upsets France

John Palmer in Brussels

IN AN unprecedented attack on its European Union partners, France on Monday dismissed as "hypocritical" their condemnation of its nuclear tests in the Pacific.

The French foreign minister, Hervé de Charette, told a meeting of EU foreign ministers that France would not be deterred from mounting further tests.

"We regret the lack of solidarity between EU members," he told a press conference in Brussels. "You cannot sign a declaration in Madrid one day which declares that British and French nuclear forces contribute to European security, and then a few days — if not a few hours — later vote for a molotov condemning our nuclear tests."

Mr de Charette was referring to a text signed in Madrid at a meeting of the Western European Union, the EU's defence arm, and a UN motion in which 10 of the EU's 15 countries voted against the French tests.

The deliberate escalation of diplomatic tension follows France's cancellation of planned meetings this week with ministers from Italy, Sweden, Finland and Belgium.

"As far as the reaction of other governments is concerned, I can tell you that France will not bend when it comes to the defence of its national interests," Mr de Charette said.

The Swedish foreign minister, Lena Hjelm-Wallen, expressed surprise at the strength of France's reaction to the UN vote. Senior diplomats from other countries accused Paris of overreacting.

Yeltsin moves to splinter foes

David Hearst in Moscow

PRESIDENT Boris Yeltsin moved last week to block an expected sweeping victory of communists and nationalists in next month's parliamentary election by insisting on changes to election rules to allow in smaller parties which would take seats at their expense.

He also threatened to dissolve parliament and annul the results of the election if he did not get his way. The move prompted claims that a sick president was trying to gerrymander the poll.

His targets are three parties, the Communists, the Agrarians, and the Congress of Russian Communities. Together they could sweep up two-thirds of the

seats, the number needed to override the presidential veto on parliamentary legislation.

The election law signed by the president in June this year puts a hurdle on smaller parties gaining seats, but Mr Yeltsin now declares the hurdle to be "unconstitutional".

A petition has already been sent to the constitutional court, which has yet to meet to decide whether the judges — who are Yeltsin appointees — will consider the matter.

Georgi Satarov, Mr Yeltsin's chief domestic adviser, said: "It would be unpleasant if they [the left alliance] won two-thirds of the seats."

Washington Post, page 14

Rabin's assassin shows no remorse

Derek Brown in Jerusalem

YITZHAK RABIN'S assassin told a Tel Aviv court on Monday that "the entire nation" backed his attempt to halt Israel's land-for-peace deal with the PLO. As in his previous court appearance and during a public re-enactment of the shooting, Yigal Amir, a Jewish religious student, showed neither nervousness nor remorse.

"Perhaps physically I acted alone, but it was not only my finger that pulled the trigger but the entire nation which for 2,000 years dreamed about this country and spilled its blood for it. Who could have dreamed a Jewish leader — in truth he is not a legitimate leader..." he said, before being rebuked by the judge for making a political statement.

The public was kept out of the heavily guarded courtroom during the 20-minute hearing, at which Amir appeared in handcuffs and leg irons. He smiled at his mother and father at the rear of the court, and said: "I did everything on my own. Don't accuse anyone else."

He was remanded in custody until next week.

Police on Monday arrested another suspect in what they believe was a conspiracy to murder Rabin. The man, aged 24, is a student at Bar-Ilan religious university outside Tel Aviv, where Amir and most of the other suspects also studied.

They include Avishai Raviv, aged 28, firebrand leader of the Eyal movement, of which Amir was a member. Raviv, now under house arrest, is the only suspect to have been released from custody. He has been widely described in the Israeli media as an informer for Shin Bet, the intelligence and security service, or even an agent provocateur, a charge which he has denied.

The Israeli right, which has taken a hammering in public opinion since the assassination, has now latched on to persistent speculation that Raviv may have been used by Shin Bet to discredit legitimate opposition to the government's peace policies.

Leaders of the Jewish settler movement in the occupied West Bank and other rightwing groups have demanded an inquiry, claiming that the government used the security service to undermine their campaigns against the government's self rule accords with the PLO.

Binyamin Netanyahu, leader of the mainstream opposition Likud faction, has also called for an inquiry. "We demand, we insist, there be a thorough investigation. We will accept no cover-up. The truth must be found," he said.

Several Israeli commentators have pointed out that Likud is desperate to divert the national debate from the charge that the right contributed to the verbal violence of the months before the assassination. Israel's state commission of inquiry into the assassination of Rabin held its first session at the weekend, as allegations of incompetence and conspiracy swirled round Shin Bet. The commission is expected to concentrate on the mounting catalogue of Shin Bet's failures.

Most obvious was the failure physically to protect Rabin on November 4 when Amir was able to fire three shots at point-blank range as the prime minister left a huge peace rally in the heart of Tel Aviv. There was also the failure to identify Amir, a violently outspoken opponent of the government's peace policies who believed the prime minister a traitor who should die, as a potential threat.

The latest and in some ways gravest allegation against Shin Bet is that it had an agent or informer in Amir's circle, who failed to pass on critical information about his openly stated intention to kill the prime minister.

The inquiry, headed by a former supreme court chief justice, Meir Shamgar, will be in secret. But the steady stream of damning media revelations is said to have shaken Shin Bet to its murky core. One senior officer, in charge of personal protection, has resigned and three others have been suspended. For nearly 50 years, since the es-

eral and multilateral aid except for strictly humanitarian purposes.

Other EU members are to follow the arms ban announced by John Major at the end of last week's Commonwealth summit. But this simply closes loopholes in an existing embargo and extends it from the Nigerian army to the police.

In Pretoria, the South African president, Nelson Mandela, called for a summit of the 12-member Southern African Development Community to discuss measures against Nigeria's military leaders. Mr Mandela is playing a leading role in an international campaign to isolate Nigeria's military regime.

In Nigeria, the military government is deriding as ineffective the international sanctions over the hanging of Saro-Wiwa, and has accused Britain of using the execution as an excuse to implement a long-standing plan to bring down General Sani Abacha.

Nigeria's security forces have also arrested at least nine more human rights activists, a rights



Yigal Amir, wearing a bulletproof vest and holding a toy pistol, shows Israeli police how he killed Yitzhak Rabin. PHOTOGRAPH BY AP/WIDEWORLD

establishment of the state, Shin Bet has wielded formidable power, tempered only by direct accountability to the prime minister. It is at the heart of a web of intelligence organisations and units, along with the external spy and occasional assassination service, Mossad.

Shin Bet, formally known as the General Security Service and more commonly as Shabak, has a broad reach. It has played a vital role in maintaining Israel's grip on the occupied territories through a network of paid informers. It also has an over-arching role in more mundane security branches, such as the small army of students and other young Israelis who interrogate every departing passenger at Ben Gurion airport outside Tel Aviv.

Reports at the weekend revealed that Amir was recruited into one of the less-known security agencies, operating under the direction of the prime minister's office. He is said to have been sent for three months to the Latvian capital of Riga, to work for Nativ, an agency originally established to encourage Jewish awareness in, and emigration to Israel from, the former Soviet Union.

Some reports suggested that through Nativ, Amir may have established closer links with Shin Bet, which could explain the ease with which he penetrated the security screen around Rabin. But others discounted the theory, saying that in working briefly for a security-linked organisation, Amir was doing nothing out of the ordinary.

Gen Abacha vigorously defended "the due judicial process when those accused of gruesome murders in Ogoniland were tried and convicted".

He dismissed claims that he was behind the imprisonment of Moshood Abiola, the winner of the annulled 1993 election who was jailed for declaring himself president. There are no political prisoners in Nigeria, the general said.

With delusions running high, Gen Abacha was intent on ensuring that Nigeria and corruption are no longer seen as synonymous. He launched the "Not In Our Character" campaign to dispel the notion abroad that Nigeria is rife with graft and drug trafficking.

The book and video accompanying the campaign were planned before Mr Saro-Wiwa's hanging brought down a barrage of international condemnation and Nigeria's suspension from the Commonwealth. But Gen Abacha conceded that now, more than ever, Nigeria needed to improve its image.

Comment, page 12
Ken Wiwa interview, page 24

The Week

INDIAN officials confirmed that separatist guerrillas holding four westerners hostage in Kashmir offered to free two sick captives in exchange for a jailed militant.

SOUTH Korea's former president, Roh Tae-woo, was taken to prison after being interrogated for 28 hours over a \$427 million slush fund. He used his last moments of freedom to tell his country: "I'm really sorry. I will take all responsibility and punishment."

AFRENCH court sentenced the former communications minister, Alain Carignon, to three years in prison on corruption charges, making him the most senior ex-minister jailed for sleaze under France's Fifth Republic.

THE condition of Mordechai Vanunu, held in solitary confinement at Ashkelon Jail, south of Tel Aviv, for nine years for exposing Israel's nuclear programme, is deteriorating and causing concern, his family said.

GERMANY'S demoralised Social Democrat opposition sacked its leader, Rudolf Scharping, and replaced him with Oskar Lafontaine.

ASINGLE European currency is unlikely to come into circulation before 2002 at the earliest, according to a timetable drawn up by the European Monetary Institute.

THE Swiss government has investigating allegations of kickbacks involving the former Canadian prime minister, Brian Mulroney. Washington Post, page 13

UP TO 50 million girls and women are missing from India's population, the result of systematic sex discrimination, including the selective abortion of female foetuses, according to a report produced by the United Nations Children's Fund in India.

CHECHEN rebels stepped up their attacks on Russian soldiers, killing six and wounding nine in one of the bloodiest days of fighting in recent weeks. Washington Post, page 14

ALIBERIAN rebel group, the Liberia Peace Council, one of the rebel factions that recently signed a peace accord, executed seven of its commanders in what it called an attempt to improve its poor human rights image. It said they had been found guilty of killing civilians.

CHINA has more than 1 million "millionaires" and 70 million people who live below the poverty line, the official People's Daily said.

People restless as regime grows old

Nick Cumming-Bruce

TAKE the comments of Indonesian generals at face value and the world's fourth most populous country is still trapped in the cold war. Major-General Yusuf Karnaegara announced last week his command in central Java had detained 300 subversives using tactics of the banned communist party.

The army has long used the menace of communism to rally the public around the government and perhaps has more reason now than for some time. A regime born 30 years ago amid the slaughter of several hundred thousand supposed communists is moving into an era of

transition. Age alone dictates that, at 74, President Suharto has reached the twilight of his long career. As a result the succession is becoming something of a public obsession in a country with no precedent for the peaceful transfer of power.

Without posters or fanfare, Indonesia's politicians and community leaders are gearing up for a parliamentary election in mid-1997. The new house, more crucially, will elect the president the following year.

Mr Suharto approached the last presidential poll hinting that with five five-year terms in office under his belt he was ready to step aside. Now the signals suggest he is determined to run for a seventh term,

fostering a critical view of him among a more prosperous and better-educated population, restless with what one Indonesian writer calls Mr Suharto's "egocentricity".

However persuasive the armed forces' warnings remain in the villages, reaction in the capital is derisive. "It's stupid," said one Jakarta business consultant. "It's a sign of panic."

Military bosses seem to be sounding off about communist revival less from a concern with the hard left than with a hard Muslim right. Gen Yusuf's subversives apparently lured "weak-minded Muslims" with plans for an Islamic state. "The state senses its hold on

things is weakening," concluded a western diplomat in Jakarta. Government pressure has failed to check the spreading influence of an independent trade union. And brazen attempts to manipulate the selection of a new leader for the small Democratic Party (PDI) failed to stop the naming of Megawati Sukarnoputri, daughter of Indonesia's charismatic first president, ousted by Mr Suharto in the late 1960s.

Her political debut has rattled government nerves, Indonesian observers say. Ms Megawati, aged 49, has little political experience, but that is more than made up for by the magic of the Sukarno name. Some

PDI branches are putting her forward as the first challenger to Mr Suharto. The spellbinding notion of a Suharto-Sukarno electoral face-off will almost certainly never happen. But the fact Ms Megawati has come this far is another sign the state doesn't get its way as it used to.

At a time when Indonesians are testing what they can get away with, one community leader openly speculates that military leaders will not accept Mr Suharto taking another term. Few observers agree. Mr Suharto's close personal security and rapid shifts of military appointments appear to leave little scope for coup plotting. Meanwhile, Indonesian analysts are pessimistic. One respected consultant predicts that if President Suharto continues in office after 1998, Indonesia will face political turmoil.

East Timor dogs Suharto

ASMALL group of 21 East Timorese scaling the fence of the Japanese embassy in Jakarta during the early morning rush hour last week to seek asylum abroad has once again embarrassed Indonesia's leaders, writes Nick Cumming-Bruce.

Their protest caught Japanese media attention just days before President Suharto left Jakarta for a summit of Asia-Pacific leaders in Osaka.

Twenty years after Indonesia's bloody invasion, the former Portuguese colony with a population of just 900,000 has become a troublesome political albatross around President Suharto's neck — and just at the point when he most craves recognition as Asia's longest-serving head of state. Gestures of defiance such as these help ram home the verdict delivered by a Timorese former supporter of Indonesian rule earlier this year that "integration has failed".

The Japanese embassy break-in, one of four in a month, follows a rash of violent protests and riots scattered across the province this year, sparked in one instance by as little as a low-ranking official's rash religious insult.

In this atmosphere of crackling tension, military authorities in the province may be congratulating themselves that the November 12 anniversary of the 1991 massacre when soldiers gunned down civilian demonstrators in a cemetery in East Timor's capital passed off uneventfully. The calm, however, was a result of saturation security.

A wave of arrests pulling in more than 200 youths will have helped douse any would-be protest — more than 50 are still detained. Other security measures included blocking entry to foreigners and ejecting those who somehow slipped through the net.

Such measures only underline the failure of the past 20 years that have infused a new generation with burning resentment of Indonesian rule. Large numbers of youths have fled Dili and other towns into remote rural areas and neighbouring provinces to escape arrest.

"They can't sustain a security clampdown for ever," observed one Jakarta-based diplomat. "Unless the government can create a new model for the province that addresses problems more sensitively the situation will get worse. But Jakarta appears bereft of ideas or initiatives that might break the cycle of violence and repression."

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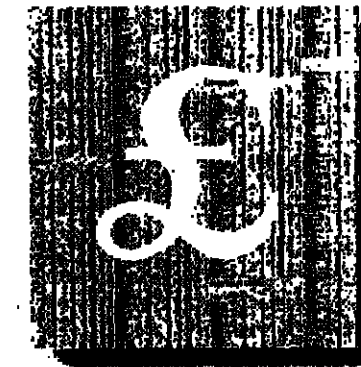
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Past comes back to haunt Gingrich



The US this week

Martin Walker

NEWT GINGRICH is at one and the same time the most commanding and the most ridiculous figure in American politics. He calls to mind that description of King James I (of England) and James VI (of Scotland) as "the wisest fool in Christendom". Amid the wreckage of the US government last week, in the partial shutdown which kept 800,000 federal workers at home, the wisdom and the folly were both on display.

The folly won. At a breakfast with reporters on the second day of the great budget confrontation with the White House, a constitutional clash of huge significance, Speaker Gingrich suddenly sounded like a spoilt child. He complained of being snubbed by President Clinton on the Air Force One flight to Israel for the funeral of Yitzhak Rabin.

"You land at Andrews [air force base] and you've been on the plane for 25 hours and nobody has talked to you and they ask you to get off the plane by the back ramp. You just wonder, where is their sense of manners? Where is their sense of courtesy," the Speaker said. "It's part of why you ended up with us sending down a tougher bill. It's petty, but I think it's human."

"Cry baby," screamed the front page splash in the New York Daily News. "Newt's Tantrum — he closed down the government because Clinton made him sit at the back of the plane."

Jubilant Democrats took to the House floor to wave blown-up copies of the front page, to be ruled out of order by the Republican majority. No matter. The cameras were rolling and the point was made.

The White House quickly released photographs from the plane which showed Gingrich sitting and chatting affably with President Clinton, in the company of former Presidents Bush and Carter. It did not look like a snub. Then the White House chief of staff, Leon Panetta, leapt on the Speaker's comment, saying, "So this is about the Speaker's ego, and not about the American government. Quit the whining and let's get on with the real business here."

The real business was the budget. The Republicans, still unable to come up with a budget bill that reconciles their moderates and their hardliners, let alone their House and Senate, sought to pull a fast one. They sent Clinton two bills, which carried the double threat — of closing down the government through lack of funds, and of forcing a default by the US Treasury by refusing to raise the legal limit on the

national debt. If he accepted the bills, he would accept the codicils which committed him to enact the Republican master plan to achieve a balanced budget within seven years. If he cast his veto, the government would close and the Treasury forced to default.

A cunning, if ruthless gambit. But Clinton did not panic. He vetoed both bills, and his Treasury secretary, Robert Rubin, found some equally cunning accounting tricks to avoid a default. Then the president proceeded to define himself by defining just what was wrong with the Republican budget. Given that it sought to balance the budget through savings in Medicare and Medicaid, and by eviscerating the enforcement system for environmental regulations, this was not hard to do. He cast his veto, watched the government start to close down, and blamed Republican "extremism".

The opinion polls showed the Republicans taking about twice as much blame for the crisis as the White House. The Washington Post-ABC poll found 46 per cent blaming the GOP, 27 blaming the president, and 20 blaming both. The CNN-USA Today poll showed 49 per cent of Americans blaming the Republicans, and 26 per cent blaming Clinton for the impasse. And while 48 per cent of Americans approved the president's stance, 64 per cent said they disapproved of Gingrich's role in the shutdown.

How did the Speaker so misjudge matters? His political gifts are extraordinary. The first Republican congressional majority in 40 years is his achievement. So is the "Contract with America" which gave them an agenda. In GOPac, he built the most impressive political machine in a generation, a national system of recruitment and education to breed a new generation of local, state and congressional candidates.

Gingrich lives by history. No political moment is allowed to pass without the Speaker offering its parallel from the past. And last week, to give context to what he insisted was "one of the great historic turning points of American history", he cast back almost eight centuries.

The founding fathers wrote the Constitution based on the Magna Carta, which was in 1215, 780 years ago, and it says that tax bills and spending bills have to come from the Congress; that the president can't spend money if the Congress doesn't give it to him," said the former assistant professor of history at West Georgia College, Carrollton.

The Speaker's point was clear. This confrontation was as old as parliaments, on whom kings depended to vote the taxes required to finance the state. This was the issue that provoked the English civil war and, at a stretch, one could call it the argument that launched and justified the American revolution. In the absence of compromise, these disputes have in the past been settled by war. The ink was barely dry on Magna Carta before King John marched against his rebellious barons, and in 1649 King Charles I lost his head after Parliament won the war to assert its sole authority over the right to tax England.

So it is odd that a student of military history as enthusiastic as Speaker Gingrich failed to mention the most ominous martial parallel to



last week's crisis — the first world war battle of Verdun in 1916, on whose site the young Newt Gingrich had his great epiphany.

"I got active in this business of politics and self-government in 1958, when my father, who was serving in the US Army, took us to the battlefield of Verdun," Gingrich once recalled. "It literally changed my life. I came to the conclusion that threats to civilisation are real, that the quality of leadership is a major factor in whether civilisation survives."

The battle of Verdun began on February 21, 1916. It ended 10 months later, with 540,000 French and 430,000 German casualties. The French had recovered most of the four miles of trench lines the Germans initially took. Neither army was ever the same again. The Kaiser ultimately lost his throne, and the fall of France in 1940 can be traced almost directly to the blood-letting of that battle.

The battle was not supposed to end that way. The German field

This is the 10th time in 15 years that we've seen the government start to close through lack of funds

marshal, Erich von Falkenhayn, chose to attack the great fortress of Verdun, not with the aim of taking it, but to force the French to bleed themselves white in the effort to hold it against the murderous bombardment of the massed German guns.

The strategic parallel is exact. Gingrich believed he had found his Verdun in the insistence that the budget be balanced within seven years, forcing President Clinton to defend an untenable position at ruinous cost. But just as the French found the moral and human reserves to hold on, Clinton sought to make his German troops bleed, by choosing to fight on the ground of Medicare, education and environmental protection.

And there was another parallel with Verdun, which the Speaker may have forgotten. Von Falkenhayn's ruthless genius was frustrated by the Crown Prince, the son of the Kaiser, who forgot that the goal was to make the French bleed, and made his German troops bleed instead in the vain and repeated attempt to take Verdun. The 73 Re-

publican freshmen, whose collective political ideology makes Gingrich look like a moderate, played the role of the German Crown Prince. Refusing all compromise, they sought not to weaken the White House by attrition, but to crush it.

But decisive battles are usually won by surprise, which is why neither White House nor the Republican Congress is likely to be able to claim any overwhelming victory in the compromise reached last weekend. Clinton agreed to balance the budget within seven years and the Republicans to drop their insistence that health care contributions rise to pay for it.

Everybody saw the confrontation coming months ago, and made their dispositions accordingly. Gingrich forecast it back on April 11. In September, the Treasury secretary assured his fellow finance ministers that they need not worry about a global market meltdown being provoked by a Treasury default. Rubin already had the solutions to hand.

So were the responses. The White House chief of staff has some experience of these government shutdowns from the congressional side, and had taken extraordinary care to lay down a game plan for this crisis. Panetta left little to chance. Clinton's television appearances were simple and carefully crafted statements. This most casual and loquacious of presidents disciplined himself to sound moderate, controlled and firm.

The presidential statements were devised to unite his party, rallying liberal democrats by fighting on the chosen ground of health care, education and the protection of the environment. The more problematic group of conservative Democrats in Congress known as the Coalition were wooed with 17 separate references to Clinton's commitment to a balanced budget in a brief televised speech which had Democrats cheering around TV screens just off the House floor.

Then came the Speaker's fit of imperial pique, complaining he had been shown insufficient respect on the president's flight to Israel for Rabin's funeral. Such a fuss over protocol may have been the rule at the Kaiser's court, but Democrats in Congress could hardly restrain their joy. Visibly losing the image war, the Republican leadership showed no immediate signs of panic, at least in public.

Their Prussian-style discipline held. They had planned the battle too, and realised that they might have to pass bills to fund popular bits of the government, from na-

tional parks to the social security administration. The polls told them that they were attacking too tough a nut in Medicare, so they passed a new temporary funding bill which left out their Medicare "reform", and required only that the president accept the principle of a balanced budget within seven years. This was enough for the conservative Democrats, who think the budget can and should be balanced in seven years. This remains Clinton's weak link. In the House, 48 of them voted with the Republicans, and seven of them did so in the Senate.

If the Republicans were worried about the image war, the White House was worried about votes in Congress. So they reached a deal, and the 800,000 laid-off workers went back to their jobs on Monday. The Republicans got their balanced budget over seven years, and the White House won a pledge the budget will provide "adequate funding for Medicaid, education, agriculture, national defence, veterans and the environment". As we go into the next round of detailed budget negotiations, Clinton has moved from the weak ground of the balanced budget principle to his chosen ground of money for popular services.

So what emerged was a battle of attrition, a first world war offensive in which "victory" amounts to a few meaningless yards of blood-soaked trenches. That is one way to score Gingrich's Big Push. But there is another score being kept, which is the growing number of encounters in which the US system of government can only be kept going by plunging the state into crisis. This is the 10th time in 15 years that we have seen the government start to close through lack of funds. It is the fourth time, but by far the most serious, that the closure has actually occurred.

This is less politically than pathology. The usual constitutional procedures which have financed government for more than 200 years have lately been replaced by a form of stock market race, in which success depends on deliberate crashes. A two-party system so resistant to compromise becomes government by gridlock, and then government by train wreck, and ultimately no government at all. The point about Verdun was that while the French "won" the battle, everybody lost, particularly the German Kaiser who finally decided — too late — to call it off. That Kaiser's role was in this case played by Senator Robert Dole, who watched his armies and his generals letting this battle spin out of control.

Dole's hands were tied by presidential ambition, the need for solidarity with Gingrich, and his desire to do well in last weekend's straw poll of presidential preferences among Florida's Republican activists — in fact he came first, but with a much smaller proportion of the vote — 33 per cent — than he had hoped for. So what Democratic Senate leader Tom Daschle dubbed "Newt's Nightmare" was becoming "Dole's Despair". Verdun on the Potomac was discrediting and threatening the very constitutional system in which Dole the deal maker has made his political career.

As the young Gingrich realised, the battle of Verdun was the most characteristic of the tragic slaughter which destroyed the civilisation of Old Europe. The first world war toppled three empires — in Russia, in Germany and in Austria-Hungary — and spawned the grisly new politics of communism and fascism. The architect of Verdun on the Potomac, playing a desperately dangerous game, is one historian who should know better.

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President triumphs in Algerian poll

David Hirst in Algiers

POLICE and troops fired guns into the air, women ululated, and hooting, flag-draped cars sped around the capital at the weekend to celebrate the electoral victory of Algeria's incumbent president, Liamine Zoual. But from exile, spokesmen of the Islamist opposition challenged the results, accusing the government of vastly inflating the turnout and the numbers who voted for Mr Zoual.

The runner-up, the moderate Islamist Mahioud Nahnah, who received a quarter of the votes cast, also alleged irregularities. He later toned down his objections and urged the government to hold general elections in six months and open a dialogue with opposition

groups. He also criticised the Islamists.

International monitors invited to observe the elections have issued no official statement, though one said the whole consultation appeared to him to have been orderly, calm and correct.

On state television, Mr Zoual called himself the "president of all Algerians". His election for a five-year term was a "victory for democracy".

The turnout among nearly 16 million voters was 74.9 per cent, the interior minister, Mustapha Ben Messous, said, and Mr Zoual won 61.3 per cent of it. Mr Nahnah came second with 25.3 per cent, the hard-line anti-Islamist Said Saadi third with 9.29 per cent, and Noureddine Boukrouh fourth with 3.78 per cent. Observers say lesser figures

would still have been a success for the government, especially President Zoual, who overruled those within the hierarchy who did not want the elections. This success was apparent during the campaign and on polling day, when the Islamic militants, who had called the vote blasphemous, patently failed to sabotage it.

The United States-based Islamic Salvation Front (FIS) spokesman, Anwar Haddam, claimed the turnout was a mere 30 per cent. The election "changed nothing", he said. "We won't accept the results of the vote and we consider it still an illegitimate regime."

But another FIS spokesman said the party was prepared to open talks with Mr Zoual. "We are ready to dialogue with that regime in order

to contribute to a return of peace in Algeria," Rabeh Kebir, a member of the FIS's executive committee and its chief representative abroad, told French television on Saturday.

There has been no official comment from the two secular parties, the National Liberation Front (FLN) and the Socialist Forces Front (FFS), which had urged a boycott of the elections.

The outcome is seen as a significant setback for the opposition, especially the Islamists — the extremist GIA and the wider FIS — which performed so well in the December 1991 parliamentary elections cancelled by the regime.

It is also embarrassing to the FLN, whose members apparently defied orders and voted in large numbers for Mr Zoual. The FIS were least embarrassed by the outcome, since its boycott call was largely heeded in its Kabylia stronghold.

Voters register a loss of faith in extremes

The results of last week's presidential elections in Algeria offer hope that a middle way can be found, writes David Hirst

THE deadliest operation carried out by the Groupes Islamiques Armes (GIA), the extreme wing of Algeria's fundamentalist insurgency, was their attempt to blow up the police headquarters in Algiers early this year.

It involved a degree of self-sacrificing heroism that a top PLO diplomat in Algiers found impressive. When, he said, the Palestinians' Hamas send their men on suicide missions they can spare only one "martyr" at a time. But Islamists in Algeria nonchalantly muster three. "One drove the suicide vehicle," he said, "another pressed the button — and the third shouted their indispensable cry 'God is Great' just before he died."

It seems to be temperamentally Algerian, this readiness to go to extremes. But while such self-sacrifice might command respect if it is noble in purpose, it loses it if it is not. Last week's presidential elections show that, if some Algerians once thought it was noble, the great majority no longer do.

The extremists began their campaign of terror soon after the army-backed regime, in January 1992, reneged on three years of political "liberalisation", cancelling parliamentary elections and thereby denying the broad Islamist movement, from which the GIA later grew, a legitimate, essentially peaceful road to power.

The police HQ bombing went badly wrong, but even if it hadn't, even it had blown up its intended target, instead of killing 42 bystanders, the self-sacrificing heroism would no longer have redeemed it in people's eyes.

The Islamist terror, said El Watan newspaper at the weekend, "has been a terror that kills the doctor and the journalist, the civil servant and the teacher, which, worse still, stabs children's throats and violates women even as it promises paradise to the hundreds whom it has managed to enslave."

Like most of the press, El Watan is strongly anti-Islamist. And it is

clear from conversations with ordinary people that it is not just a verdict of "intellectuals", even though intellectuals, as one of the terrorists' chosen targets, have grounds for reaching it.

More than the GIA's barbarous deeds, perhaps, the words that accompany them have really shocked — the open, unabashed call, for example, for killing not just the "renegades" who work for "the godless state", but the "wives, sisters and daughters of renegades", too. Such blood-curdling excess, plus all manner of puritanical prohibitions which, Iranian-style, the GIA seeks to impose, have proved just what a fearsome, totalitarian, joyless, and above all ignorant utopia their Islamic state, or Caliphate, would be. It seems to be the general intuitive grasp of this that accounts for presidential election results that have surprised even the regime itself.

In the 1992 parliamentary elections, the Islamic Salvation Front (FIS) won about a third of the vote. And that third included not only the committed Islamists themselves, but a great many "protest" voters who, at that time, admired them for the blows they were dealing to a wholly discredited regime, and did not stop to think too long about the kind of regime they might put in its place.

But three years on they have stopped to think. Three-quarters of the electorate voted last week. The election was far from ideal. The two main secular parties, no lightweights, urged a boycott of the election on the legitimate grounds that there can be no real democracy unless all the representative forces in the political arena can partake in it. Army and police daily violate human rights.

None the less, the size of the turnout was at least as important as who it was for, and the fact is that more people voted in these admittedly flawed presidential elections than they did in the untrammelled parliamentary one, in 1992. In doing so, they sent the powerful message which some within the regime were rightly confident they would: that they now reject the Islamist movement, or at least the extremist course it has taken since they voted for it three years ago.

But that doesn't mean they voted for the regime. It simply means that, for the voters, there are two ex-



teremes. They rejected the first in the 1992 parliamentary elections. That was the extremism of the regime itself, whose misdeeds they deem to have spawned the second (the Islamists), which they have now, in turn, repudiated.

The regime's extremism is that of its inner core, its cabal of generals who have dominated it since independence in 1962. They are mysterious and largely invisible, but they are universally regarded as a privileged caste, deeply corrupt, despotic, violent and manipulative. First behind the facade of one-party socialism and then of the political and economic liberalisation that supposedly "corrected" it, they are held ultimately to blame for all the socio-economic woes on which Islamic terror has thrived. Since that terror arose, the so-called "eradicators" among the generals — those who seek a strictly "security" solution, not a "political" one — have been in the ascendancy. Extremes meet, and in a sense, the terror has actually been a godsend for them, because it enabled them to present themselves as a "last rampart" against a popular insurgency that frightened powerful vested interests besides themselves, and indeed a good many honest "democrats" too.

The convergence of interests between two extremes seems so self-evident to many Algerians that, in their belief, the terror has been the

handwork not merely of the GIA, but of the security services which infiltrated it.

So, emphatically, it was not for the regime that the people voted. It was first for the principle of free choice. Second, it was for the "rupture" which all four candidates promised. Rupture, the component word in Algeria's political vocabulary, is shorthand for a total break with all that is rotten in the regime.

There are two reasons why they think Zoual is the man for the rupture. One is that he is not only widely seen as the "best" of the generals, but as honest and sincere too. The other is that, being a product of the system, he knows best how to dismantle it.

He is a man of the middle way. It will be far from easy for him, in taking on the system, to woo the "reconcilers" away from the "eradicators" and the powerful, indeed demonstrably malevolent, vested interests which will be penalised by them. And it won't be much easier for him to woo the relative moderates of the Islamist movement from the extremists who have proved as ready to turn on their moderates as, in the opposite camp, eradicators have on reconcilers. But in sowing a plague on both their houses, and exorcising "the extremist" demons which, if the PLO diplomat is right, have a place in every Algerian soul, the people have made it much easier for him.

Jews' right of return questioned

Derek Brown reports from Jerusalem on how the Rabin debate has highlighted issues that go to the heart of Zionism

ISRAEL'S agonised debate on who should be blamed for the assassination of the prime minister, Yitzhak Rabin, has permeated down to issues at the core of Zionism.

Questions now being asked involve definitions of Jewishness and the right of Jews to immigrate to Israel.

The questions are being posed from both left and right. Last week, the left-wing environment minister, Yossi Sarid, suggested amending the Law of Return, which guarantees all Jews the right to live in Israel. He wants to exclude extremists from the United States, who have condoned the assassination.

"Just as there are international laws banning the transfer of dangerous waste and garbage from one state to another, there must be a way of banning these people who endanger Israel and its security," he said.

Israeli law already prohibits the entry of immigrants and visitors who are considered security risks. But the Law of Return is widely held to be a commitment to the ingathering of the 2,000-year-old diaspora.

The right of Jews to settle in Israel is an issue that unites almost all Israelis. But there are divisions between left and right, secular and religious, over what constitutes Jewishness.

Two weeks ago, the high court of justice in Jerusalem reopened that question with a judgment which, in effect, challenges the monopoly of the orthodox religious establishment.

The court ruled in favour of Eliane Goldstein, a Brazilian-born Christian who converted to Judaism and immigrated to Israel but was refused recognition as a Jew because she had undergone a non-orthodox conversion.

Under Israeli law, only orthodox conversions are recognised, a rule bitterly resented by other strands of Jewish observance. In its complex ruling the court found that the state was wrong to deny Ms Goldstein the status and benefits due to a Jew, but fell short of deciding that she was entitled to be registered as a Jew.

The rabbinical debate is far from being esoteric in the current political climate. The acting prime minister, Shimon Peres, is anxious to broaden the base of his Labour-left coalition. Already the option of recruiting one of the small religious-based parties in the Knesset has been all but closed by the high court ruling, with the parties demanding legislation to safeguard orthodox hegemony as the price of participation in government.

Mr Peres's only other option is to try to co-opt one of the far-right secular parties, which are fundamentally opposed to the government's land-for-peace agreements with the PLO.

Could 15 months of peace on the streets of Belfast be about to end? **David Sharrock and Patrick Wintour report**

Adams urges Major to set date for talks

SINN FEIN urged the Prime Minister this week to set a date for all-party talks on Northern Ireland's future but warned that any joint attempt by the British and Irish governments to move the peace process forward without its participation would create a "very serious" situation, write **David Sharrock and Rebecca Smithers**.

Speaking after Dublin received proposals from John Major aimed at breaking the impasse, which included a proposal to set Friday as the date for the long-delayed Anglo-Irish prime ministerial summit at Chequers, Gerry Adams, Sinn Fein's president, said that if the process was to be taken forward, a date would have to be set.

At the same time, the party's chief negotiator, Martin McGuinness, said there was no possibility of the IRA getting rid of its weapons as a precondition to entering all-party talks. London has insisted that there should be a hand-over of IRA arms before talks can begin.

Mr McGuinness's remarks were seen in Dublin as a warning to treat Mr Major's fresh proposals for breaking the deadlock on political talks with extreme caution.

The proposals include:

- setting up an international commission to consider the question of paramilitary weapons;
- starting all-party preparatory talks;
- setting a target date for all-party talks two months after the commission begins its work, when it is expected to have reported its findings;
- continued demands by London for a start to decommissioning by the IRA before all-party talks can begin. However, London would look at any suggestions made by the commission. Sinn Fein would also be allowed to raise any issues, including arms held by the security forces.

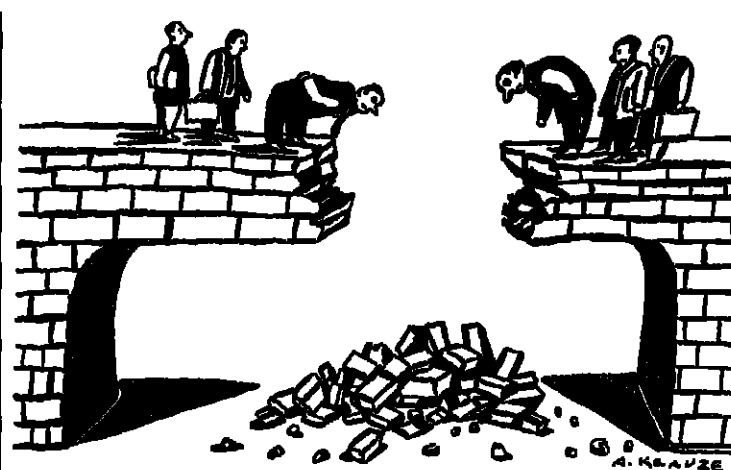
Once more unto the brink

SINCE the IRA ceasefire started 15 months ago, there have been more turning points and moments of truth than even the over-blown rhetoric of the Irish peace process can stomach. Yet this still appears to be the most irreconcilable juncture since the guns fell silent. Unless one side or other backs down in the next few weeks, it is likely President Clinton's visit to Ireland at the end of the month will not be marked by celebrations, but a grim realisation that the bullet may be about to return to Irish politics. Indeed Mr Clinton may yet not come. Washington aides have said that he will not come to Belfast simply to turn on the Christmas lights.

Sinn Fein remains desperate to avoid issuing threats but there is now a resignedly fatalistic attitude that some return to violence is a real possibility. In that event the British government has assiduously prepared the groundwork for laying the blame squarely at the feet of the republicans. But peace is not just the absence of violence, and the political gulf which has widened in the long months of the ceasefire looks dangerously vulnerable to the old certainties of the gun and bomb.

The massive bombs intercepted by the Garda two weeks ago, for instance, illustrated just how much is at stake. It looks almost certain to have been the work of the military wing of Republican Sinn Fein, the traditionalists who split from Mr Adams's organisation in the mid-1980s. The Northern Ireland Secretary, Sir Patrick Mayhew, seized upon it as the perfect example of why some decommissioning of paramilitary weaponry must take place before all-party talks can begin.

Nobody in the security field would agree with that assessment. In fact the two bombs, totalling nearly 800kg, were made entirely from home-made explosives. The Army and RUC agree that the greatest threat posed by a resurgent Provisional IRA campaign would come



from the Mark 15 "barrack buster" bomb and the vehicle bomb — both constructed entirely from improvised material and the ingenuity of the IRA's engineers. No matter how much of its arsenal the IRA decommissioned in advance of talks, it could rapidly re-arm if it so desired.

But behind the British demand for a start to decommissioning lies the original question of the permanence of the IRA ceasefire, first posed by Mr Major immediately after it called its "complete cessation of military operations". Is Sinn Fein's commitment to peaceful, democratic methods total or tactical?

In trying to assess that, the Government formulated what has become known as the Washington test, because it was announced by Sir Patrick in the US capital earlier this year at a particularly low point in Anglo-American relations. President Clinton had just approved the lifting of the ban on Sinn Fein raising funds there. Since then, diplomats on both sides of the Atlantic and the Irish Sea have been seeking to build a consensus around the "twin-track process".

On the one track, there would be preliminary bilateral talks between the Northern political parties and the two governments which would hopefully lead to all-party negotiations, and, on the other, the establishment of an independent

international body to consider how best to achieve the removal of the gun from Irish politics. It is fair to say that progress has not been rapid. At the heart of the international body, in London's view, rested its Washington test; a willingness in principle to disarm progressively, discussion of methods for doing so and, thirdly, a start to the process as "a tangible confidence-building measure".

It is Washington Three to which Sinn Fein says it cannot sign up, describing such a condition to entering talks as a demand for an IRA surrender. But the British government counters by arguing that such a condition is indispensable to get all the Unionist parties around the same table with Sinn Fein.

IN THE middle stands John Bruton's Irish coalition government. By trying to accommodate both sides, Mr Bruton has succeeded only in conveying the impression that he is vacillating, subject to the latest pressure from Northern nationalists, Downing Street or his own foreign minister, Dick Spring.

What is not in doubt is that before and immediately after the IRA ceasefire the political parties in the Irish republic shared London's view that guns would have to be handed over before substantive political talks got under way. Mr Bruton and

Mr Spring have failed to provide convincing arguments why their view has since changed. To Unionists and London it appears that Dublin has simply capitulated to Northern nationalist pressure. If this were the case, what hope then for a satisfactory outcome to all-party talks?

And in spite of all the denials, London has watered down its disarmament demands too. In the latest refinement of its stance, the "building blocks" proposals, the Washington Three test does not appear at all in how it envisages the work of the international body. It would be "advisory" rather than operational at this stage. Subsequently in the light of its report and subject to its acceptability to all concerned, the body might have a role to play in verification, the paper says.

Britain would, however, reserve its right to insist upon the start to decommissioning, separate from the body's work. Unionists do not believe the Government, suspecting that once the international body concluded that all the parties were committed to peaceful methods London would simply accept that and call the talks. Sinn Fein takes the opposite view, seeing the body as a trap.

Curiously, for perhaps the first time since the ceasefire was called, Mr Adams is running dangerously close to appearing intransigent — a description normally reserved for Unionists. By contrast, the political representatives of the loyalist paramilitaries have commandeered the moral high ground with their "no first strike" declaration. The Ulster Unionist leader David Trimble's proposals for an elected assembly or convention have also attracted some positive attention from London and Dublin as a means of maintaining political momentum.

But with the political objectives of Northern Ireland's political parties so polarised, Dublin and London's only remaining option is to consult Hegel, cross their fingers and trust to the cunning of history. After 15 months of a near-perfect peace, would the people of Northern Ireland be prepared to tolerate a return to violence?

strategy was to try to avoid the sectarian dogfight that characterised previous referendums. They had hoped to appeal to common sense and compassion. "There's hardly a family in the country that doesn't know somebody whose marriage has broken down," one minister said.

But many people have made their own arrangements for coping with broken marriages, and little social stigma attaches to it. Several members of the Irish parliament, including one cabinet minister, have divorced and remarried abroad. Bertie Ahern, the Fianna Fail leader, is separated from his wife and lives with a second partner. He is often praised for his honesty.

As in so many issues where private desires conflict with Catholic teaching, many people seem happy to accept what former Prime Minister Charles Haughey described — when he introduced the first extremely restrictive legislation to permit the sale of condoms — as "an Irish solution to an Irish problem".

If Ireland does reject divorce, it will be because many people feel that an Irish solution to marital breakdown is less threatening to society than the solution for which they are being asked to vote. — *The Observer*

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In Brief

THE jurors in the trial of Rosemary West were still considering their verdict on Tuesday lunchtime more than 24 hours after being sent out. Mr Justice Mantell told them to consider each of the 10 counts of murder against Mrs West separately. "For her to be guilty of murder you would have to be sure that she participated in the killing, either as responsible herself or did it jointly with someone else, for example Frederick West; that what was done was deliberate and unlawful." Mrs West, aged 41, of 25 Cromwell Street, Gloucester, denies all 10 charges of murder.

BOXER Stephen McCoy, disabled for life in the Kegworth air disaster, was awarded record damages of £1,425,000 in the High Court. The 23-year-old former top amateur middleweight boxer in Northern Ireland was aged 16 when the Boeing 737 London to Belfast shuttle crashed on the M1 motorway in Leicestershire.

PARATROOPER Lee Clegg, recently freed from prison after serving four years of a life sentence for killing a Belfast teenager, has been promoted to pursue a new army career as a physical training instructor.

A MOTHER who "took a chance" and left her three children, aged five, seven and 12, at home while she flew to Spain for a holiday with nine members of her family was jailed for a year at Liverpool crown court. The children were cared for by an aunt. Their 30-year-old mother, who cannot be named, was arrested at Manchester airport after the week-long vacation. She admitted child abandonment.

A COLOMBIAN cocaine smuggler was jailed for nine years after a £37 million plot was smashed by undercover Customs officers. Francisco Lopera-Soto, aged 37, was arrested with fellow Colombian Gerardo Borja, aged 49, on the same day that a haul of 243kg of cocaine arrived in Britain concealed in six flower boxes from Amsterdam.

A LAN HULL, a founder member of the seventies group, Lindisfarne, has died aged 50. He is thought to have suffered a heart attack. The group had a string of folk-rock hits, including *Fog On The Tyne*.

PUBLISHER Robert Maxwell's mysterious death at sea was probably the result of "accident or homicide", an Old Bailey court heard. A pathologist's report declared: "It is unlikely that the deceased committed suicide."

A FIVE-DAY-OLD boy died during one of the most complex operations yet attempted to separate Siamese twins. The dead boy's brother is seriously ill in intensive care following the operation by London surgeons.

2m to face job check on UK status

Alan Travis

TWO million people each year will face passport or identity checks when they change jobs, under plans unveiled on Monday by the Home Secretary, Michael Howard, to crack down on the employment of illegal immigrants.

Employers' organisations continued to express concern about the checks, which official estimates say will cost business £24 million. Companies will face £5,000 fines if they do not check on new employees.

Immigration welfare groups claimed the scheme marked a shift towards European-style internal migration controls.

"We need to act to deter employers from giving jobs to people from abroad who are here illegally. The fact that these people can get jobs quite easily is one of the main rea-

sons why the United Kingdom is seen as an attractive destination to asylum-seekers," Mr Howard said.

Setting out his package for the first time to curb the "rising tide of bogus asylum applications", the Home Secretary confirmed to MPs that he will introduce a "white list" of countries from which applications will be assumed to be unfounded. Mr Howard ruled out Nigeria from the list, but would not say which countries will be on it until "an early stage" in the bill's parliamentary passage.

At the same time, he announced further measures to speed up processing of asylum applications. They included removing the right of people who have come via a "safe third country" such as France or Germany to remain in Britain while they appeal against an asylum refusal.

Sentences of up to seven years' imprisonment are to be made

available against racketeers who use deception to get around immigration controls. But it is the new criminal sanctions against companies which employ illegal immigrants — the subject of a fierce battle in Cabinet — which attracted most criticism.

Mr Howard published two consultation documents outlining how the employers' scheme will work, and the likely costs for Britain's 1.2 million companies.

The scheme involves companies checking the national insurance numbers of all new staff. But it recognises that of the 14 million people who change jobs each year, two million do not have a national insurance number. These will have to provide passports, birth certificates or other documents to prove they are here legally.

The Home Office estimates 1.6 million of these are British citizens, a further 200,000 are other Euro-

pean Union citizens and the remaining 200,000 from non-EU countries. Some of the last group will be illegal migrants. The scheme would cost business £13.5 million to set up and £11.5 million a year to run.

The Institute of Directors said it was concerned at the costs, while the Confederation of British Industry remained sceptical.

Claude Morais, director of the Joint Council for the Welfare of Immigrants, said: "This is... a historic shift to a regime of internal immigration controls which is intricate, punitive and will damage race relations."

The Shadow Home Secretary, Jack Straw, said Labour believed fraudulent asylum-seekers "must be weeded out", but the system had to be "fair and just" to genuine refugees.

Comment, page 12



A family at war... 'I still love papa,' Diana told her sons. But has she effectively destroyed the future king?

Royal marriage locked in death

OPINION
Simon Hoggart

ROYALTY may survive, but you have to wonder whether the House of Windsor will. Constitutional monarchy is a perfectly workable system, as Japan, Spain, Holland and plenty of other countries prove.

But with this lot? Not since the House of Usher, or even the House of Atreus, fell under the spotlight of publicity has such a family been ripped apart. At the very end, all sweetness and forgiveness, Diana implied that the best thing Charles could do was step aside, make way for Prince William, and get a life.

In a finale to Monday's extraordinary, dazzling, supremely manipulative performance on television, she suggested she was speaking only for his own good: "My wish is that my husband finds peace of mind."

There was no Bosworth Field. Nobody got an arrow in the brain. But you sensed that the future king had been just as effectively destroyed, by a soft-spoken, single mum sitting on a chair and with a pair of eyes that seemed to be burning through the cathode ray tube. It was an e-mail message straight to every address in the kingdom.

Diana admitted adultery, but even then she managed to elicit our

sympathy. She was simultaneously winsome and bleak, beguiling and desperate. She said of Major James Hewitt, "Yes, I adored him, yes I was in love with him — but I was very let down."

So she and her husband are equal now, locked together in some awful twisted royal death. Both have broken vows which ceased to mean anything years ago. But in every other respect she seems to have won. Her head perpetually to one side, as if she had still not recovered from the blows rained upon her, she quietly and effectively took the family apart. It was like watching a trained sapper demolish a sturdy old bridge; each charge perfectly planted where it would do most harm.

The turning point came when she was asked about the Dimbleby interview when Prince Charles admitted his affair with Camilla Parker Bowles. She had, she said, been "pretty devastated", but went on to say, "I admired his honesty". It was, she added, especially difficult to be honest when you were in his position.

She had explained it to Prince William and told him that there were three people involved in the marriage, with the media as a fourth. Then, she had added: "I still love papa" (gruesome how he moved from being merely "my husband" six times in the first four minutes

to "Charles," twice, and finally to the heartwrenching "papa").

She then even claimed to take half of the blame for the marriage failing — "but I can't take any more."

This apparent honesty and candour supremely altered the mood after 40 minutes of bitter complaint. But we soon learned they were merely the gentle left-handers before the sucker punches arrived from nowhere.

As the battle among the royals moved from border skirmishes to outright war, we will surely be told that her version of events was untrue, unfair and wildly biased. No doubt in many ways it is.

We will also need to ponder the extraordinary fact that she has begun to see herself as a saintly figure. "The British need someone to give them affection," she mused, as if the whole nation were orphaned children in a workhouse. She did not expect to be queen, "but I would like to be queen in people's hearts... Someone's got to go out there and love people and to show it. I'm here to do good."

But it doesn't matter. She has won because she got her retaliation in first. She looked like a human being, which is more than the royal family have ever managed, because it is a role we never required them to play. When an institution depends entirely on mystique it cannot sur-

vive the mystique being stripped away. Diana sat there demurely but she might as well have had a blowtorch and scraper in her hands.

She began by saying how she had "desperately" loved her husband, but this turned out to be the set-up for her disillusion.

She described how in Australia, on their first royal tour together, Charles had hated the way crowds had been disappointed when they got him instead of her. "My husband is a proud man and you feel low about it."

This fits with everything we know about Charles — how at times he had to drag himself to public appearances knowing, as he put it, "they all only want to see my wife."

So what were we seeing was horrible — the sight of two people, both suffering for different reasons from dreadfully low esteem, given the task of propping each other up. They were like two climbers trapped in an emotional crevasse with their arms broken, unable even to wave at each other.

After this interview I would go further. It seems to me that both are suffering from something close to self hatred. At bottom, both of them fear they are not worthy of the roles they have been allotted. Both are willing to blame each other for the problem; Diana at least has her sons to love instead.

Then came the story of how the royal family had failed to respond — had not even noticed — her plight. "People" had not helped. "People" thought she was unstable. "People" had been able to write her off as a "basket case". "People", we could only assume, meant the most senior members of the royal family.

The interview turned faintly paranoid. Letters had been stolen. "My husband's side were busy stopping me." The war: between the Windsors had burst into flames, a war without broadsword or armies. "If we want it back, if we want a figurehead, we can respect without fuss, shame, or contempt, Monday night, proves we will have to start again."

Possibly, with the bicycle-riding monarchy which Princess Di ruled out. What's wrong with that? It works for the Dames and why are we any better than them?

After Diana's revelations will anyone in a dinner jacket lift a glass and say, "Gentlemen, the King? Let us hope they sort it out and disappear gracefully before the Queen dies."

Republic hesitates over divorce

Mary Holland

THE POSTERS in Dublin's O'Connell Street offer a dizzying variety of slogans. "Hello Divorce, Goodbye Daddy — Vote No"; "Give Someone You Know A Second Chance — Vote Yes"; and, alongside a photograph of the former Bishop of Kerry, who was revealed to have a teenage son in the United States, "Let the Bishops Look After Their Own Families — Vote Yes".

The advice is directed to voters in a referendum later this week to decide whether the Irish constitution should be changed to allow civil divorce.

John Bruton's coalition government is facing the humiliating possibility that its cautious proposal to allow people who have been separated for four years to divorce and remarry will be defeated. The latest opinion poll shows support for removing the ban down to 47 per cent, with 39 per cent in favour of retaining it and 14 per cent undecided. Six weeks ago, 61 per cent were in favour.

A further blow was inflicted last week when Ireland's Supreme Court ruled the government was not entitled to spend public money canvassing for a Yes vote, because its opponents had not been allocated similar funds. This has forced it to cancel all advertising.

Ministers fear a rerun of the referendum in 1986, when support for divorce fell from 57 per cent to 40 per cent in eight weeks, and 63 per cent eventually voted No. As both camps sense that all is still to play for, the campaign has become more bitter. A minister has compared one leading anti-divorce campaigner, a respected lawyer, to Hitler. And members of the Church hierarchy have suggested Catholics who divorce will be refused the sacraments, including the last rites.

At one level, the argument is a fight between those who want a pluralist society and those dedicated to defending De Valera's 1937 constitution against malign influences of the outside world. "Faith and Fatherland, that's what this is about," a Cork voter said last week.

It had seemed the modernisers

were winning. The authority of the Catholic hierarchy has been badly eroded by scandals. There has been a dramatic decline in church attendance and polls have shown support for easing the laws on divorce and abortion. All parties in parliament, including the traditionally conservative Fianna Fail, back the government proposals. If the No vote wins, people will ask how the politicians — and the media — could be so out of touch.

Some commentators are alarmed at the support for the conservative views of organisations such as Family Solidarity and Youth Defence, that have picketed politicians' homes and constituency clinics.

The introduction of civil divorce has been a priority for the Bruton government. Marital breakdown has increased in Ireland, as elsewhere. Official estimates put the number of separated people at between 75,000 and 80,000. Many are involved in new relationships and have second families not recognised by the state. Furthermore, the Catholic Church will annul marriages through its own Canon Law

tribunals. Spouses granted such annulments can remarry in church, but their marriages are regarded as bigamous by the state.

Mr Bruton, a devout Catholic and devoted husband, has responded to the bishops' tough line by saying the state has to deal with the problems of marital breakdown or marriage itself will fall into disrepute. The government has focused on "the right to remarry", emphasising that laws have been passed since the last referendum in 1986 to protect deserted wives and children.

The No lobby has homed in on fears that the nature of Irish society could be changed. It argues divorce would undermine the concept of marriage as a life-long contract.

A strong streak of nationalism runs through the debate. There has been almost no mention of the effect on Northern Ireland Unionists if the Republic rejects divorce, despite Protestant objections to having Catholic teaching enshrined in the constitution.

Militant Catholics are unapologetic. One group has suggested that Mervyn Taylor, the minister who framed the proposals, cannot understand the ideal of Christian marriage because he is an Orthodox Jew. Ministers admit their low-key

The Week in Britain James Lewis

Nervous Tories seek to grasp the thistle

THE PRIME MINISTER, John Major, is setting out to woo disillusioned Scottish Tories, who deserted their party in droves at the last general election, with a plan to give the Scots more say over their own affairs. His scheme is thought to involve strengthening the role of Scottish MPs by giving their Scottish Grand Committee greater control over purely Scottish legislation, and possibly reining in unselected quangos which control much of public life north of the border.

This is a marked change of stance, and a reversal of Mrs Thatcher's implacable opposition to reform. The details will be announced on St Andrew's Day, November 30, which is also the date chosen by the Scottish Constitutional Convention, formed by the opposition parties, to announce its own plans for home rule and the establishment of an Edinburgh parliament.

The convention's proposals, once dismissed by the Tories as an irrelevance, are now conceded by Mr Major to be "important". He even goes so far as to admit that Scottish people "feel cut off from parliamentary debate".

Whether Tory concessions will be enough to satisfy Scottish opinion is another matter. The party, which won 25.7 per cent of the vote in the 1992 general election, now has a derisory poll rating 13 per cent, and more than 70 per cent of the electorate says it wants constitutional change. George Robertson, Labour's shadow Scottish secretary, said the Tories' new offer would be seen as "a panicky but well-packaged PR stunt".

DEPRIVATION in Britain's inner cities is "as bad, if not worse" than a decade ago, and the gap between rich and poor has widened sharply, according to a Church of England report, *Staying in The City*. This was strongest stuff, but more guarded than *Faith in The City*, published a decade ago, which was condemned by cabinet ministers as "pure Marxism".

Staying in The City stopped well short of pinning the blame on government policy, and it made no recommendations for political action, even though it painted a damning picture of the failure to tackle poverty. It was pounced upon by several bishops and by Dr Michael Northcott, a member of the Archbishop of Canterbury's Urban Theology Group, who said he was angered and bewildered by it. "Why isn't the Church saying that inequality is being created by government policy," he demanded.

HARD-CORE pornography, beamed into Britain by a Swedish-based TV channel, was banned by the National Heritage Secretary, Virginia Bottomley.

Acting under a European Union directive, she issued a "proscription" order making it illegal to advertise, or supply decoder equipment for, XXXTV. The directive gives member states the power to suspend retransmission of a service which would "manifestly, gravely and seriously" impair the physical, mental, or moral development of minors.

Recent research by the BBC suggests that British viewers have become more liberal in their attitudes towards the portrayal of sex and the use of bad language on TV. The corporation's chairman, Marmaduke Hussey, said this was because the BBC no longer had "a single audience who broadly hold the same beliefs, find the same jokes funny, and the same insults offensive". There was, however, a common worry about violence, and the way victims of crime and disasters were presented.

RENEWED FEARS that "mad cow disease" — bovine spongiform encephalopathy (BSE) — could lead to an epidemic of the Creutzfeldt-Jacob Disease (CJD) in humans were raised by a medical microbiologist, who questioned the Government's assertion that humans were not at risk.

Dr Stephen Dealler, writing in the British Food Journal, claimed that most adult British meat-eaters will, by 2001, have ingested a potentially fatal dose of meat infected with BSE. The disease was thought to have been caused by feeding cattle with infected foodstuffs. That practice was ended in 1988, but 18,000 cases of BSE have been reported since, and even the Ministry of Agriculture suspects that cases are under-reported.

Dr Dealler said the medical and dietary professions should question the present policy of "waiting passively" to see if the incidence of CJD rises in the UK. Present methods of diagnosing CJD were inadequate, he said, and "aggressive" and long-term research was needed.

HEALTH CARE is being "rationed" by 40 of the 129 health authorities in England, Scotland and Wales, according to the Labour Party. It claimed that services were being limited on the basis of cost, and often in the face of clinical evidence. This meant that treatments available depended not on need but on where a patient lived.

The shadow health minister, Harriet Harman, said that under a Labour government, decisions would be based on the patient's best interests. Critics challenged her to explain how Labour would strike a balance between clinical freedom and available resources.



Dr Rule displays the Tudor sword recovered from the wreck of the Mary Rose

PHOTOGRAPH: ROGER BAUER

Sword from Mary Rose cuts a dash

A UNIQUE Tudor sword from the wreck of the Mary Rose, which spent 400 years on the seabed and the past 13 in a tank of alkaline solution, went on public display for the first time in Portsmouth last week, writes Maeve Kennedy.

The basket-hilted sword is of

great importance to scholars because it can be dated.

The wrecking of the Mary Rose on July 19, 1545, just outside Portsmouth harbour was witnessed by several hundred people including her owner, Henry VIII.

One of the 415 men who died

in the wreck was carrying a solid English iron sword. Dr Margaret Rule, the archaeologist who directed the raising of the Mary Rose in 1982, said it was found on the last day of preparing the hull for lifting. A replica of the sword will be presented to the Prince of Wales.

'Black Baron' jailed for computer virus plague

Geoffrey Gibbs

A "SAD and reclusive" computer programmer, who dubbed himself the Black Baron and drew on words and phrases from the cult television series *Red Dwarf* in his operations, was jailed last week for a total of 18 months after pleading guilty to writing computer viruses that have caused hundreds of thousands of pounds worth of damage.

In the first case of its type to come before the courts, Christopher Pile, an unemployed 26-year-old from Plymouth, was appearing for sentence after pleading guilty earlier this year to 11 charges under the 1990 Computer Misuse Act.

Pile, who had only held three short-term jobs since leaving school, was arrested in July last year following a long police inquiry after computers became infected by two destructive viruses called Pathogen and Queeg.

The worst hit was the international software publishing company Microprose, which was forced to close down its international communications network to prevent the virus spreading.

The court heard that four members of the staff spent three weeks examining more than one million programs in their search for the virus. The infection, subsequently identified as the Pathogen virus, is said to have cost the company between £250,000 and £500,000.

Apricot Computers was stated to have incurred a loss after a file downloaded from a bulletin board in February last year infected their system with Pathogen, and wiping the Queeg virus from its system

was costly for Map Line Engineering the following month.

The court was told that Pile hid the Pathogen and Queeg viruses inside files that he transferred on to computer bulletin boards using a false name he had found in a *Classic Car* magazine.

He had also developed an encryption engine or cloaking device within the viruses, which enabled them to hide in different forms as they moved from computer to computer. The engine, named Smeg — a word lifted from *Red Dwarf* and standing for Simulated Metamorphic Encryption Generator — was, said the prosecution, designed to defeat sophisticated anti-virus programs.

The prosecution said that Pile had transferred a file containing plans for Smeg on to a bulletin board in June of last year. The program contained a "training manual" instructing inexperienced virus writers to create the encryption engine and attach it to other viruses.

The court heard that the manual was now available on at least two sites on the Internet. The guide asked users to credit the Black Baron in their own viruses.

In mitigation, Pile's counsel, Ali Rafati, told the court that his client — "a sad recluse" — had made no financial gain and was full of remorse. "In a way, he is the mad boffin creating an instrument for his own purposes, not having stopped to consider the full implications of where it was going to go."

In addition to the damage the virus would leave a message on the affected computer screen, reading: "Smoke me a kipper, I'll be back for breakfast. Unfortunately some of your data won't."

Loss-making paper folds

Andrew Gull and Lisa Buckingham

RUPERT MURDOCH, chairman of News International, was last week accused of closing the loss-making *Today* newspaper when there was an offer on the table that would have saved 200 jobs.

Mohamed Al Fayed, chairman of Harrods, disclosed that he had offered to buy the ailing paper, but the deal was abandoned without explanation. Mr Al Fayed renewed his offer in an open letter to Mr Murdoch.

Les Hinton, executive chairman of News International, who told the newspaper's 200 journalists last week that Friday's paper would be the final edition, said the losses were insupportable and there was no credible buyer.

But Mr Al Fayed wrote: "I am most disappointed given that only two months ago you refused to sell it to me on the basis that you wished to keep it going. It is incredible that you had it within your power to safeguard the jobs of the people whose families depend upon those jobs and you have chosen not to do so."

Mr Al Fayed, whose application for British citizenship was rejected last year, has voiced suspicions that he has been frozen out by the business and political establishment.

Today's closure coincides with the effective ending of the newspaper price war, which was started by Mr Murdoch two years ago and has cost the industry more than £150 million in lost circulation revenue. Ian Hargreaves has been removed as the editor of the Independent newspaper after refusing to make budget cuts.

Political mishaps mar Major's day

Michael White

JOHN MAJOR'S drive to stem Labour's electoral tide in the last full session of the present parliament got off to a shaky start last week when a combative Tony Blair savaged his Queen's Speech programme inside the Commons and political mishap outside spoiled his big day.

As the Queen formally unveiled the 16-bill package amid traditional pomp in the House of Lords, the Labour leader, in his most assertive Dispatch Box performance yet, attacked the Government for a "bric-a-brac" legislative programme, devoid of any greater ambition than to appease its own rightwing and wrong-foot the Opposition.

At the centre of Mr Major's legislative package were bills aimed at tightening up on asylum seekers, reforming divorce laws, and introducing nursery education vouchers.

The programme — billed by the party chairman, Brian Mawhinney, as a package which would expose New Labour rhetoric as hollow — contained nothing for the unemployed or badly-educated and was "utterly irrelevant" to the British people, Mr Blair said. The Liberal Democrat leader, Paddy Ashdown, called the package "a bag end measure of a flag end government".

Mr Major retaliated angrily, repeatedly accusing Mr Blair of

"cheap soundbites" and "silly name-calling" instead of a serious statement of policy.

For good measure the maverick Tory backbencher, Sir Julian Critchley, chose the day to write a newspaper article, lamenting the collapse of One Nation Toryism and saying he would not be voting for his local Tory MP in Ludlow, the Euro-sceptical rebel, Chris Gill.

Mr Blair moved quickly to neutralise the prospect of the "race card" being deployed, challenging the Prime Minister to prove his claim that the new Asylum and Immigration Bill will not be used as an election ploy. The Labour leader demanded a special standing committee at Westminster to examine the bill and make it "a genuine consensual exercise".

But Mr Major would only promise to consider the idea. Although he made his own impassioned pledge not to exploit race — and praised ethnic minorities for providing "role models for all of us" — he told Mr Blair: "I don't immediately find myself attracted by it."

The Lord Chancellor, Lord Mackay's revised Divorce and Family Homes Bill will probably be the first to get a second reading in the Commons, despite the row it prompted among rightwing pro-family MPs in recent weeks. Mr Major confirmed that MPs will be given a free vote.



War paint... Conservative party chairman Brian Mawhinney had flour and orange paint thrown at him after being ambushed outside Parliament by three women protesting against the Asylum and Immigration Bill. The Metropolitan Police later apologised for the 18-minute delay in responding to the call for help. PHOTO: GARY WEASER

Railtrack accused of £1 billion sting

Keith Harper

THE Stock Exchange has been asked to investigate a claim by Labour that Railtrack has put aside more than £1 billion of taxpayers' money to boost its profits artificially after privatisation.

Brian Wilson, Labour's transport spokesman, described it as a "billion pound sting". He called this week for "all work on the privatisation of Railtrack to cease", pending a full investigation of the issues raised by the exposure of accounting practices.

Mr Wilson said that following an independent analysis of Railtrack's accounts published in September it was possible to identify benefits of £1.4 billion to the new owners if privatisation went ahead.

He said £450 million had been set aside for property maintenance, of which only £18 million would be spent in the current financial year, allowing the rest to be transferred to the privatised company. Another £408 million of loans was being paid off in the current year that could otherwise have been spent on investment priorities.

Of the other two areas identified from the accounts, £156 million had been deducted to cover a fall in the value of fixed assets and provision for future environmental liability.

Finally, there had been under-spending of £150 million on £483 million earmarked for "asset maintenance", despite pressing needs to maintain Railtrack's infrastructure.

Mr Wilson said he would be writing to the rail regulator, John Swift

QC, asking him to investigate the implication of Railtrack's accounting practices for its investment obligation under track access agreements with train operators.

Mr Wilson, who has already called on the Stock Exchange to investigate other aspects of Railtrack's accounts, said: "This amounts to a systematic attempt to create an artificial level of profitability for Railtrack in the period immediately following privatisation."

The Government's timetable for the privatisation of Railtrack is already slipping. Faced with mounting problems about the privatisation of the nuclear industry, ministers may have to delay Railtrack's privatisation until as late as next October, and even then it could be only a 51 per cent sell-off.

Drug hope for heart victims

John Illman in San Francisco

A CHOLESTEROL lowering drug which could end the need for bypass surgery and other heart operations has been found to reduce the risk of fatal heart attacks by nearly a quarter and non-fatal ones by about a third.

Professor James Shepherd, of the Glasgow Royal Infirmary, described the results from the treatment as "very exciting: some of the most striking I have ever seen in heart-attack and total-mortality reduction."

The drug, pravastatin, has been the subject of a five-year £20 million study among 6,595 men in Glasgow, the world's heart-attack capital. One of a class of drugs known as statins, pravastatin works by inhibiting an enzyme involved in the synthesis of cholesterol by every cell in the body.

It reduces the level of cholesterol in the blood, helping to prevent the formation of dangerous fatty plaques on artery walls. It also stabilises existing fatty plaques, preventing them from becoming detached and blocking blood vessels.

Cost of treatment will be a great constraint: a month's supply of pravastatin costs between £16.18 and £31.09, making it "prohibitively expensive", according to a cardiologist here.

But Prof Shepherd said that the drug could reduce the overall cost of treating heart disease. He said: "For every thousand men we treated we avoided 20 heart attacks, seven coronary heart disease deaths and the need for 22 major operations."

Brown fights back in row over tax plan

Guardian reporters

GORDON Brown, the shadow chancellor, on Monday hit back at fierce government and academic criticism of his plans for a 10p tax band, saying it was the best way to improve incentives for the jobless to move into work.

Stephen Dorrell, the Health Secretary, denounced Mr Brown's plans as "the theatre of the absurd", saying the shadow chancellor would be "promising us a solution for baldness next".

At the weekend Andrew Dilnot, director of the Institute of Fiscal Studies, accused Mr Brown of deceit, claiming Labour's reforms would do little to help the low-paid or improve incentives.

He said raising personal tax allowances and changing benefits were more effective, while the £7 billion cost of Mr Brown's plan would be better spent improving the welfare system.

In his speech to a charity luncheon, Mr Brown addressed Mr Dilnot's criticisms head on: "A blanket increase in allowances would disproportionately benefit higher rate taxpayers — 40p taxpayers would get double the cash amount that would go to 20p taxpayers. Our proposal for a new starting rate would not give more to those at the top," he said.

Increases in allowances might take some out of tax altogether, but did "not sufficiently address the poverty trap caused by very high marginal rates of tax". Britain was unusual in having a starting rate as high as 20 per cent. Of the other 14 EU countries, 10 had a starting rate below 20 per cent.

Mr Brown was also criticised by colleagues at last week's shadow cabinet meeting for being "out of control", having failed to consult members on plans presented as party policy. Mr Brown dismissed suggestions of a growing rift over his behaviour as nonsense.

The Guardian has discovered that a senior shadow cabinet member was concerned that Mr Brown had not consulted some colleagues on plans, which he had presented as policy, involving withholding benefits from the young unemployed if they refused to take up a place on a training scheme.

Mr Brown argued that his proposals were "based on a proper understanding of the ways in which the world of work has changed. Tax and benefits systems like Britain's were built for a different age — when long-term unemployment was rare, jobs were full-time and paid standard wages and men went out to work while women stayed at home."

Since benefits, such as housing benefit and family credit, are based on post-tax income, Mr Brown argued: "We would ensure that all lower and middle income families receive the full benefit of the tax cut."

"For people on benefit, we must ensure that the extra income from reduction in taxes is not simply clawed back in lost benefits. That is why our proposal would be matched by an equivalent reduction in the rate at which benefit is withdrawn."

Will Hutton, page 17

Ecstasy coma girl's heart transplanted

Alex Bellis

A YOUNG woman last week received the heart and lungs of Leah Betts, who died after taking a single Ecstasy tablet at her 18th birthday party. At least three people will benefit from her organs after Leah's parents agreed to doctors switching off the life support machine which had kept her alive for five days.

Paul Betts, her father, said that Leah would have wanted to donate her organs and that they were removed immediately. "Leah's wish was that she should help others live in the event of her death," he said. "I have respected that wish."

The woman, from East Anglia, who received Leah's heart and lungs in an operation at Papworth Hospital, near Cambridge, was said to be stable.

Doctors hope to discover why Leah died after taking Ecstasy at her home in Litchington, Essex.

John Henry, consultant physician at the National Poison Unit, said that the post-mortem may explain why Leah suffered such a strong reaction to the drug, which was found in pure form in urine and blood samples. The Ecstasy pill was not contaminated, doctors believe.

While Leah was alive, her heart, lungs, liver, kidneys and cornea were examined and found not to have been affected by the drug. Leah, an A level stu-

dent, collapsed five hours after taking the pill.

Drug use among young people is increasing and they are starting earlier, according to the first national study by Turning Point, the drug and alcohol agency.

Taking Ecstasy and cannabis is often considered the norm and was considered a problem by only a few of the 3,000 under-18s who went to the agency in the last year, the report reveals.

Wendy Thomson, the Turning Point chief executive, said: "Young people see the use of recreational dance drugs and cannabis as... entirely acceptable. More effective services need to be set up to stop people risking their lives."

Race? It's just politics, stupid

LAST WEEK we wondered to whom the Prime Minister was referring when he insisted "those who use race for short-term political gain" would not prosper. Now we know. Not only is the person who is using the race card at the heart of his cabinet but he is being allowed to bloom and prosper. Last week John Major signalled his readiness to consider using a standing committee to examine his Home Secretary's new Asylum and Immigration Bill — a procedure which would allow experts to be called as witnesses — but his Home Secretary subsequently insisted this should not happen. It would be hard to find a reputable expert to substantiate the bogus claims about the refugee threat. Pathetically, the Prime Minister has caved in. There will be no standing committee. Shamefully, Michael Howard has been authorised to let the race card run.

So what would the experts have said? A host of different organisations have set out their views. They have pointed to the oppressive entry controls that already apply to refugees, the draconian penalties hanging over airlines bringing them to the UK, the tiny proportions who are granted refugee status, the inadequacies of the appeal process, and the fact that only two years ago the entire procedure was overhauled and tightened by the 1993 Asylum Act. So why do we need another Act? We don't but the Tories remain 20-plus points behind in the polls and in such a desperate political position their former research director's recommended recipe — the degree to which immigration "plays" particularly well in the tabloids and still "has more potential to hurt" — still applies. Mr Major may have had his qualms about such an unpleasant tactic: Mr Howard has no such worries. He deleted scruples from his dictionary years ago. But why does Mr Major let him get away with it?

Under the snooper's charter announced this week there will still be an onus on employers to check the legality of their employees — despite the Employment Secretary's objections that this could make employers even more reluctant to take on black employees, and despite employers' objections. But the snooping will now be based on checking national insurance numbers. This will not be a small exercise. It will require insurance number, passport and ID checks on 2 million people every year. Paradoxically, this will please no one. Employers still face fines if they cannot show they made proper checks; but the checks themselves, as Whitehall documents demonstrate, will be pretty ineffectual because national insurance numbers are easy to forge. But that won't worry Mr Howard: it's politics not policy that is driving this Bill. Private employers will not have a duty to report illegal immigrants to the police but face £5,000 fines if they are caught employing them. Public employers — housing, health, social security officers and schools — will have a duty to report all illegal immigrants.

A further erosion to our legal obligations to refugees will be made by the new "white list" — countries from which applications will be presumed unfounded. Ministers are not saying which countries will be included on the list. But the principle is already being applied implicitly to Nigeria, which is suffering some of the worst suppression of human rights in the world. Yet of 2,032 applications, just one person was granted refugee status this year.

Shell-speak in double standards

THE STORM of anger at the judicial murder of Ken Saro-wiwa is met by sorrow at Shell International that its motives in Nigeria should be misunderstood. It is not a human rights organisation, it protests, but a private company which cannot take a position on political issues. It withdrew from Ogoniland more than two years ago: how can it be blamed now? There may be a high level of oil pollution in the Niger delta but, as Shell House explained last week, "we have to be careful about trying to compare Nigeria with Europe".

This argument that Nigeria is "different from Europe" lies at the heart of Shell's defence of its lucrative operations. On the environment, Shell concedes that much more needs to be done. The excuses range from "the problems created by man-grove swamps" to the "different cultural environ-

ment" of the Ogonis. Sabotage is also alleged with the claim that 69 per cent of all oil spills in the Ogoni area were "caused deliberately by the communities". This seems a remarkably high estimate against other Shell statistics showing that deliberate sabotage is only 28 per cent. No evidence is provided that the only motive is to manufacture claims for compensation. It would be more sensible to ask just why the Ogonis have taken such desperate measures.

The main thrust of Shell's argument is that we need to apply double standards in Nigeria because of the politics of the country. Officials lament that it is hard to argue with a military regime which is also the majority shareholder in the oil operation. There would be no point apparently in proposing to spend more oil revenue on the environment because the generals just want the cash. In Shell-speak, the "decision-making process is much more complicated" in Nigeria than in Europe.

Shell International protests too much. No one is asking it to interfere in Nigerian politics or even support Ogoni claims for autonomy. But it is entitled to demand that a fairer share of the regime's revenue — paid by Shell — should go to the deprived delta: this is a simple question of social justice. It has an even higher obligation to protest at violations of human rights rather than to hide behind General Abacha's dress uniform. The argument for quiet diplomacy looks extremely lame.

Shell now claims that the new Liquefied Natural Gas project approved last week will reduce gas flaring in the delta — a practice which has been tolerated by the company for 30 years. This is a weak argument against the psychological value to the regime if the project goes through just days after they hanged nine innocent Nigerians. Shell should be ashamed.

The tempting of Asia's tigers

SEOUL was a city of contrasts last week as pungent as a dish of kimchi pickles. At one end of town former president Roh Tae-woo was settling down to soup and boiled rice on his first night in prison, charged with accepting more than \$300 million in bribes. Meanwhile, Chinese president Jiang Zemin, in town to study the Korean "economic miracle" fashioned by Mr Roh and the president-generals who preceded him, was being wined and dined by one of Korea's biggest conglomerates. Hyundai executives, like those of several other conglomerates, have already admitted paying huge bribes to Mr Roh during his 1988-92 presidency in exchange for lucrative government contracts. Is there some connection, Mr Jiang may be asking (and all those admirers of Korea's Asian tiger status should be asking), between the great miracle and the great pay-offs?

Mr Roh has readily confessed to the illegal acquisition of enormous sums — twice as much as the figure with which he is charged. Yet his memory seems disappointingly vague as to who paid him how much. On his way to jail Mr Roh asked that the businessmen involved should be granted "public understanding" so that they could continue to make their patriotic profits abroad. This may not be quite as selfless as it sounds. Mr Roh is reputed to know enough secrets to shop half of the Korean industrial and political elite, either for giving bribes or receiving them. Since the party of the current president, Kim Young-sam, has admitted receiving \$100 million, and even the fiery opposition leader Kim Dae-jung accepted \$2.5 million, Mr Roh may be able to ensure that some tastier dishes are added to his prison diet.

It would be naive to suppose that corruption on this scale was invented by Mr Roh. The Park Chung-hee regime and its successor made a deal with the *chaebols* — Hyundai, Samsung, Daewoo and the other big names were in it from the start. Periodic attempts at the start of new regimes were made, partly for popular effect, to tame the conglomerates, but the cosy relationship soon resumed. It included government repression of trade unions at the behest of the industrial giants.

Much has changed since those dark decades and South Korea is a largely transformed and democratic society. Mr Kim was elected in 1992 as the first non-military president for decades with a mandate to tackle corruption. For Mr Roh even to be arrested shows the progress which has been achieved. But candour may still have its limits under chaotic capitalism: Seoul waits to see how much further it will go.

Big Bang brought end to communist bogey

Lech Walesa's defeat in Poland reflects voters' disillusion with the post-Soviet shock therapy, writes Jonathan Steele

THE MYSTERY of Poland, it was often said, was how anti-Semitism endured even when there were no Jews left in the country. To that, as the veteran analyst Daniel Singer commented during this month's presidential joust, one should add the phenomenon of anti-communism without communists.

What happened on Sunday was not so much the return of the communists, who have long since adapted to political pluralism and a market environment, as the defeat of the anti-communists. The results showed, as starkly as the parliamentary polls in Hungary and Bulgaria last year, that most voters are not taken in by the bogey.

Lech Walesa's contribution as the shipyard worker who led eastern Europe's first sustained and successful revolt against the Stalinist system will go down in history. But from the start he showed a tendency to authoritarianism, and even a certain cult of the personality, which sat ill with a man representing a mass movement.

In power those faults often became obstacles to change, and Walesa some time ago ceased to be a moderniser. Ironically, it was the "former communists" — by now transformed into social democrats — who have shown themselves more adept at going beyond the state name-calling of the cold war.

In Hungary, Bulgaria, and Lithuania the same process has been seen. It was not, however, based primarily on nostalgia, as is sometimes alleged, since by and large the elderly have survived the transition to a market economy somewhat better than the rest of society. During the painful switch from the state-controlled system the value of pensions did not decline in real terms as much as wages or other social benefits.

Also, in most countries the elderly were also closer to the soil, and had some chance of supplementing their income with home-grown food.

The anti-communists' defeat is mainly the electorate's verdict on the particular form of transition that eastern Europe and the countries of the former USSR were made to undergo. Call it shock therapy or the Big Bang, but people have seen what most feel was an excessive sharpening of income differentials — all too sudden collapse — in state-financed health and education systems, and a rise in white-collar lawlessness condoned and shared in by their leaders via the various privatisation programmes.

The Big Bang theorists had hoped that in countries which have seen a pickup in overall growth the electorate would support the radicals. The Polish presidential result has dashed those hopes. In spite of three years of macroeconomic improvement, the country's rate of unemployment is as stubbornly high — at 15 per cent — as it was three years ago, and more than a third of the population lives below the



Fallen idol... Posters of Walesa in Warsaw failed to convince voters

poverty line, set at 40 per cent of the 1989 average wage.

To come along, as the reform-communists have done, with a message of "transition with a human face" has undoubtedly appeal. When that is combined, as it was in Poland and Bulgaria, with politicians wearing young (technocratic) faces the appeal is doubly strong.

One must hope that they can indeed fulfil their promises, though they may be too late. Had eastern Europe been offered a real choice of transition programmes in 1989 and 1990, voters would probably have gone for the slower, more evolutionary, social democratic model, and it would have stood a fair chance of success. They might also have resisted the break-up of the Comecon trading system, which was strongly encouraged by the West and was not inevitable.

Four years down the line the ravages of Big Bang have been so great that they will be hard to reverse in a short period. The countries' debt crises are also far more acute than they used to be, as Hungary's and Bulgaria's ex-communists have been finding out.

Poland was the exception. Thanks to the powerful American Polish lobby, and perhaps because it was the first country to make the transition, half its debt was cancelled by western creditors. The other eastern European countries have not benefited from such indulgence. But Poland was also unusual in having a large budget deficit before the fall of communism. In Hungary, the Czech Republic and Russia the deficits increased massively after shock therapy was used, largely thanks to the steep fall in output and the undermining of the tax system.

Confronted with this legacy, no government in eastern Europe — of whatever label — is going to have more than a choice of evils: if the ex-communists can "govern" with more pragmatism and social sensitivity than the Thatcherite ideologues whom they replace, so much the better. But they face an uphill struggle.

Balkan Talks Aim to Bridge Great Divide

Michael Dobbs

WHEN Bosnian warlords meet to haggle over how to end their ruinous 3½ year war, they are greeted by a simple piece of advice from an American fourth-grader: "Peace is learning that fighting does not solve it all."

The childish poster is one of dozens plastered across a "peace wall" deep inside Wright-Patterson Air Force Base in Dayton, Ohio. For more than two weeks now, American school children have been flooding the Bosnia peace talks with inspirational paintings and poems. Someone in the U.S. delegation had the bright idea of using them to send a message to the American heartland to the men responsible for so much suffering.

The fourth-grader's advice may have gotten through to the leaders of the warring Bosnian factions, who were still locked in peace negotiations late on Monday. They are sick of the war, and want it to end. It has already cost the lives of tens of thousands of their fellow-countrymen, and uprooted more than a million people from their homes. After fighting each other to a standstill, the politicians seem to have finally understood that "fighting does not solve it all."

The problem these leaders face now, as they try to explain themselves to their war-weary followers, is that the peace agreement they are seeking will in all likelihood "not solve it all" either. The draft agreement that is now on the table in Dayton is the product of an agonising compromise between two diametrically opposed visions of what Bosnia should look like. The Muslim-led Bosnian government wants a united country, in which Muslims, Serbs, and Croats can once again live together. The Bosnian Serbs are equally adamant that they should be permitted to live apart.

Since it was impossible to bridge this fundamental divide, the American negotiators have sought instead to paper it over. The Bosnian capital, Sarajevo, is a case in point. The Serbs, who control part of the city center and most of the surrounding countryside, wanted to keep the city divided. The Muslims insisted on a united capital.

The original American proposal on Sarajevo was to preserve a united city, but take administrative control away from both sides. But the Serbs rejected the vision of people of different ethnic backgrounds living and working together. The Americans then came back with the idea of keeping the city united in name, but dividing it into nine or ten districts. The effect will be to blur the present military demarcation line, while perpetuating the division of Sarajevo into ethnic ghettos.

The most obvious precedent for the peace agreement now being hammered out for Bosnia is last year's agreement between Muslims and Croats, which led to the creation of a Muslim-Croat federation. Signed in Washington in March 1994, the agreement achieved one all-important objective: it ended the fighting between Croats and Muslims, which had been almost as brutal as the larger war with the Serbs.

In most other respects, though, the Washington agreement achieved only modest results. Tensions between the Muslim and Croat communities remain high. Only a few refugees have been permitted to return to their homes. The federation remains divided into two mini-states, each with its own army and monetary system. An agreement earlier this month to strengthen the federation must still be tested in practice.

If it is proving so difficult for Muslims and Croats to live together, the prospects for reincorporating the Serbs into Bosnia are slim indeed. The chief American negotiator, Richard Holbrooke, has told associates that his biggest nightmare is a Serbian version of the Anschluss, Hitler's annexation of Austria in 1938. The fear is that the Bosnian Serb entity may attempt to break away from Bosnia in a few years' time, and unite with neighboring Serbia.

Bosnian government leaders are aware of this danger. Their constitutional experts have warned them that the Bosnia that is emerging from the talks lacks the basic attributes of a functioning state. There will be no common army, no single monetary system, no common set of laws. It is a terrible result for Muslim and other politicians who have spent the last four years fighting for the



A prayer for peace in Sarajevo cathedral

principle of a multi-ethnic society. The only consolation is that the alternative — more war — is even worse. "We need peace," said a Bosnian official. "This war has to end."

● A U.N. tribunal indicted Bosnian Serb political leader Radovan Karadzic and military commander Ratko Mladic last week on new charges of genocide and crimes against humanity for their roles in atrocities committed after Serb troops overran the U.N. "safe area" of Srebrenica in July, writes William Bradford Huie in Paris.

Judge Fouad Riad said evidence submitted by chief prosecutor Richard Goldstone depicts "scenes of unimaginable savagery: thousands of men executed and buried in mass graves, hundreds of men buried alive, men and women mutilated and slaughtered, children killed before their mothers' eyes, a grandfather forced to eat the liver of his own grandson."

The Hague-based criminal tribunal already has charged the two Bosnian Serb leaders with genocide

and other war crimes for planning and ordering attacks against Muslim and Croat civilians throughout Bosnia, including the 3-year bombardment of the capital, Sarajevo.

But the latest indictments describe Karadzic and Mladic as being "directly responsible" for what may be the worst massacre committed in Europe since World War II. The tribunal charged that they planned, instigated and ordered the "systematic mass killings" of as many as 8,000 Muslim refugees missing since Bosnian Serb forces overran Srebrenica.

In a Washington news conference last week, chief prosecutor Goldstone said, "I'm cautiously optimistic that [Karadzic and Mladic] will stand trial sooner or later." Goldstone, who was meeting with senior U.S. officials, said that bringing the two men to justice is essential to ensuring lasting peace in the region and that he found "no contradiction" between his work and the U.S.-led effort to produce a peace accord.

Admiral Pays Price For Rape Comments

Bradley Graham and John F. Harris

THE admiral who commands all U.S. forces in the Pacific was compelled to accept early retirement last week after suggesting earlier in the day that the recent rape in Okinawa of a 12-year-old girl could have been avoided if the three U.S. servicemen accused in the incident had paid for sex instead.

The remark by Admiral Richard C. Macke, who spoke to reporters in Washington over breakfast, threw senior administration officials into a fit of disbelief at a time of already strained U.S.-Japanese relations and following a series of publicized disciplinary problems in the Navy.

involving mistreatment of women. Speaking of the Okinawa rape, Macke said, "I think it was absolutely stupid," and added: "I've said several times, for the price they [the servicemen] paid to rent the car, they could have had a girl."

After high-level phone calls between the White House and Pentagon, Macke tried at first to mitigate the political uproar by issuing a statement saying he "made a serious mistake" and attributing his comment to "my frustration over the stupidity of this heinous and reprehensible crime." But the apology did not resolve the matter for White House officials, who continued to confer with Pentagon leaders.

Finally on Friday last week, a

Pentagon spokesman announced that Macke had offered to retire early, and Defense Secretary William J. Perry had accepted the offer. It was not immediately clear when Macke would step down.

The three U.S. servicemen, being tried under Japanese law, have been accused of snatching the sixth grader off the streets on the evening of September 4 and raping her in the backseat of their rented car. One of the three, a 22-year-old Navy seaman, has admitted raping the girl; the other two, both Marine privates, have admitted participating in the abduction but not the rape.

A lawyer for one of the Marines has said that the three service members discussed hiring prostitutes

but, according to this account, the Navy seaman said he had no money and proposed the rape instead.

Administration officials worried the admiral's comments would further inflame relations with Japan, made all the more sensitive last week by President Clinton's decision to forgo the Asia-Pacific summit in Osaka and remain in Washington to deal with the budget impasse.

Ambassador to Japan Walter F. Mondale discussed the incident with senior administration officials, and warned that the public response in Japan would be severe, an administration official said.

The rape in Okinawa has galvanised opposition on the island to the presence there of more than 22,000 U.S. troops and shaken the security alliance between Washington and Tokyo.

Mulroney to Face Bribery Investigation

Anne Swardson

THE GOVERNMENT of Canada, as part of a wide-ranging bribery investigation, has alleged that former prime minister Brian Mulroney "was engaged in a criminal conspiracy to accept payment" stemming from a multibillion-dollar airplane purchase. Mulroney's lawyers revealed at the weekend.

Mulroney denied the allegations and said through his attorneys that he will file a \$37 million libel suit against the government and the Royal Canadian Mounted Police for alleging that while in office he engaged in "criminal activities" related to the \$1.8 billion 1988 purchase by Air Canada of 34 A-320 passenger jets from European aerospace manufacturer Airbus Industrie.

The Canadian government allegations were made in a letter sent on September 29 by the Justice Department in Swiss authorities and revealed in press reports at the weekend. Mulroney has not been charged with any crime by the government; the letter seeks information and cooperation from the Swiss.

The Justice Department, acting with the Mounties, Canada's national law-enforcement agency, asked Swiss authorities for information about two numbered bank accounts related to the alleged "plot" conspiracy by Mr. Mulroney (and others) who defrauded the Canadian government in the amount of millions of dollars," according to the letter as quoted in the *Financial Post* newspaper.

In a news conference, Mulroney's lawyers confirmed the substance of the government's 13-page letter, which they said was false and not supported by any evidence.

A Mountie spokesman said in a telephone interview that the agency had no comment on the denials as part of its traditional policy of not discussing ongoing investigations. Prime Minister Jean Chrétien, who is from a different party than Mulroney and has tried to distance himself from Mulroney's perceived regal style, told reporters that he knew nothing about the allegations and had not been informed about the Mountie investigation.

The Airbus purchase was the largest commercial aircraft buy in Canadian history and was the subject of heavy lobbying while Mulroney was prime minister, according to *On The Take: Crime, Corruption And Greed In The Mulroney Years*, a book by journalist Stevie Cameron. Several Mulroney allies and associates, including Frank Moore, former premier of the province of Newfoundland, allegedly were involved in heavy lobbying efforts on behalf of Airbus. Cameron's account does not suggest any Mulroney involvement.

Mulroney, who served as prime minister from 1984 to 1993, is now in a private law practice in Montreal. He is a member of numerous corporate boards in Canada and the United States. As a director of the Archer Daniels Midland Co., he heads a committee charged with co-ordinating the company's response to a U.S. investigation of alleged price fixing.

Nostalgia Feeds Communist Comeback

Lee Hockett in Moscow

IF RUSSIAN Communists, nationalists and forces hostile to current political and economic policies storm to victory in elections next month, as is widely projected, it will be largely because of voters like Yevgeny Koryushin and the politics of nostalgia.

Don't talk to him about Moscow store shelves brimming with goods and choices; he can't afford them. Don't mention society's new liberties and the fresh ideas that fill the newspapers, he's unimpressed.

Unshaven, slightly distracted and perfectly pleasant, Koryushin, 67, a retired waiter, liked things well enough the way they were before the democrats started tinkering.

"In the old days, if a wife gave her husband 1 ruble — just 1 ruble! — he could go buy a pack of cigarettes, a bottle of beer and a Metro ticket and still have something left for a snack or small lunch at the cafeteria," he said. "These days prices are completely unpredictable. The cheapest sausage is 8,000 rubles a kilo."

Koryushin said he's voting for the Communists next month because "somebody has to take real power." He wishes someone would turn back the clock to the times when prices never changed, when trade unions arranged super-cheap holidays and when the Soviet Union's might was feared throughout the world.

That spells trouble for the self-proclaimed forces of reform. With President Boris Yeltsin hospitalized and the few remaining prominent reformists in the government already on the defensive, a new parliament dominated by Communists and nationalists could slow — and attempt to reverse — the changes made so far.

Former Prime Minister Yegor Gaidar, the early architect of Russia's transition to the free market, has warned that many of the changes are



Communists march in Moscow last week to mark the Bolshevik revolution

PHOTOGRAPH BY VIKTOR KOROTAYEV

reversible. There is no chance that even the most backward-looking forces could bring back the Soviet Union or a command economy. Yet the mere attempt to roll back or retard such moves as mass privatization or liberalized trade rules would be fraught with instability.

Although the economy is beginning to grow and there are plenty of signs of new wealth in the larger cities, not many Russians are happy with the course of events. Younger people, who tend to be more optimistic and adaptable, are also the least likely to vote, by far. And some of the most aggrieved people — retirees whose meager pensions barely last them the month — are the most reliable voters.

"They'll vote for the Communists because they think they can restore the empire," said Vyevolod Vilchek,

a prominent sociologist. "They want to restore the old times even though their lives weren't so great then."

A Moscow teacher and translator recounts the reading habits of her elderly father, who, when he runs out of fresh copies of the Communist newspaper Pravda, plunges into yellowing, pre-Gorbachev issues.

In smaller towns and villages, where the benefits of the market have been slow to arrive, the "bright future" promised by Soviet communism is often remembered more vividly than the hardships, shortages and snaking lines for basic food, shoddy home appliances and poorly made clothes.

The government has tried to maintain a guaranteed minimum standard of living by providing five increases in pensions so far this year, with another scheduled near election time. A

third of Russia's rapidly aging population is older than 45 and nearly a fifth is older than 60. Roughly 35 million of Russia's 150 million people are receiving pensions, and 20 million of these pensioners are likely to vote. They make up a potent constituency in a country where apathy and disgust with politics reign.

But the average pension of about \$25 a month is less than half the government's official minimum living wage, a percentage that has dipped sharply in the last two years. As the living standards of pensioners flounder, many have directed their anger at Yeltsin and his pro-reform allies.

The government is also widely blamed for what many Russians take to be the country's diminished stature in world affairs, a blow to the pride of millions who were raised to believe that whatever their nation's

shortcomings, there was no questioning its status as a great power. "It's the fault of the people running the show," said Koryushin. "The fish rots from the head."

In parliamentary elections two years ago, the chief beneficiaries of that anger included ultranationalist Vladimir Zhirinovskiy's Liberal Democratic Party, which won 64 seats in the Duma. The Communist Party and its country cousin, the Agrarian Party, together won 103 seats, partly on the strength of an advertising campaign that reminded elderly people that they had been shortchanged in pension and retirement benefits.

Since then, Zhirinovskiy's televised clowning and bawling seem to have cost him support. But the Communists' voters, more than half of whom were older than 55 in 1993, are a much more stable constituency. In a poll conducted this summer, the Communists won 14 percent of the electorate, leading all parties.

Among Russians older than 65, respondents expressing favorable views of the Communists outnumbered those giving unfavorable views, 2 to 1. The proportions were reversed among Russians under 35.

That generation gap is a ticking time bomb for the Communist Party. In an attempt to broaden its appeal — and help its fund raising — the party has suggested it might accept the idea of private property while opposing the current program of privatization, which it likens to thievery. It has committed itself to the resurrection of the Soviet Union over an unspecified period of time.

Nationalist parties, such as retired General Alexander Lebed's Congress of Russian Communities, are making similar pitches directed at Russians' yearning to recapture the best parts of what they remember as a simpler, more stable past.

Koryushin doesn't pretend to have been rich in the old days, just comfortable and certain he knew the rules of the game. "I'm tired of all this stuff about freedom," he said. "We need work, not freedom."

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Big Business Gobbles Up the Competition

A winner-take-all dynamic is at work in nearly every sector of industry, writes Steven Pearlstein

ALONG a congested ribbon of Virginia asphalt at Mr. Bailey's old crossroads, a fearsome lineup of competitors is transforming the retail landscape.

There's a Circuit City selling almost everything in the way of appliances and electronics; a Staples piled high with office supplies; a Bed, Bath and Beyond for sheets and bedding in every size and color; and a Petco the size of a warehouse.

Nearby, a three-story Borders boasts nearly any book in print, served up with List and coffee late. You'll find all manner of kids' stuff at Toys 'R Us, educational stuff at Zany Brainy's and face stuff at the Cosmetics Center.

These retailers are among the corporate superstars of the new economy — competitors that dominate their markets. With their well-honed formulas for offering a wide selection of goods at somewhat lower prices, these national chains of "big box" specialty stores have routed regional department stores, challenged the big discounters and forced a generation of local merchants out of business.

They are known within the industry, with good reason, as the "category killers." What is happening in America's ever-expanding suburbs is not unlike to retailing. A similar winner-take-all dynamic is at work in nearly every industry, recasting the terms of competition, overturning traditional relationships between

suppliers and customers and concentrating market shares in the hands of the most efficient producers.

The common threads are specialization, which has transformed broad industries into collections of increasingly smaller niche markets, and rapid changes in technology, which have allowed the best performer in each niche to replicate its success across the nation and, increasingly, around the globe. Driving it all is a form of hyper-competition that has quickened the pace of change and brought it to every cranny of the economy.

Take the simple cup of coffee. Only a few years ago this was thought to be the classic example of an undifferentiated product that was sold by the archetype of small business — the corner deli and coffee shop.

But with technology and management know-how that allow a small staff in Seattle to supervise hundreds of outlets, Starbucks Corp. is replicating its successful formula for selling coffee to upscale consumers on urban street corners, shopping malls and airport terminals throughout the nation. By the end of the year this Coffee Shop of America will have rung up more than \$400 million in sales.

A similar process of specialization is at work in the insurance industry. Once dominated by a dozen or so large firms that offered nearly every type of policy to consumers and businesses, the industry has fragmented into specialty markets, each with a handful of leading players.

Even the mighty oil companies — which once pumped their gasoline coast to coast — have retreated to regional strongholds where they

can achieve dominance. Chevron Corp., for example, recently swapped its 64 outlets in the Washington area for 59 Exxon stations in south Florida, giving Chevron a dominant position in south Florida and Exxon Corp. the largest market share in the capital.

Airlines, railroads, banking, entertainment, defense, utilities, health care, hotels, restaurants and telecommunications — wherever you turn these days this same process of specialization, nationalization and rapid consolidation is in full swing. Small businesses con-

National chains of specialty stores have forced a generation out of business

tinued to find a place in the economy, serving specialized niches or out-of-the-way places. But more mid-sized companies are finding themselves in a competitive no-man's land, too big to hide in protected niches, but too small to compete against the more efficient giants.

As a result, it is not uncommon for top companies in a market segment to account for a third or a half of all sales — market shares that would have been considered rare and even illegal in earlier times.

This change in the marketplace is reflected in the record number of "mergers among equals" that have been announced this year with the express aim of gaining industry

dominance — Chase Manhattan with Chemical in banking, Lockheed with Martin Marietta in defense, and First Data with First Financial in credit card transactions.

Michael Porter, a Harvard University Business School professor who has made a career studying how companies gain competitive advantage, said that in earlier times, most competition was between companies that had about the same technology and production processes, workers who earned about the same wages and raw materials that cost about the same. Product lines were broad and remarkably similar, market shares shifted slowly, and it was in no company's interest to initiate an all-out price war.

But today, Porter said, a new generation of category killers have upset the old order. By aligning all of their activities — from product design to production to sales and distribution — around narrow market segments, they have avoided making many of the compromises with inefficiency that come with trying to be all things to all customers. This focus has given them a significant competitive advantage over their rivals.

Concentration of market power is not new to the U.S. economy — in their day, United Fruit Co. and Eastman Kodak Co. controlled virtually every banana and roll of film in the nation. Nonetheless, some economists argue that as the economy moves from the industrial age to the information age, the tendency toward winner-take-all competition inevitably will increase.

One reason is the increasing benefits of bigness in the new economy; sophisticated machinery and research and development — account for an increasing share of the cost of turning out a product or service. And because a larger company can spread those fixed costs over more products, it can usually gain a substantial cost advantage over smaller competitors.

As a result, instead of a half dozen companies owning a market, as was common in the industrial era, these days it often winds up being one or two.

A second factor, which economists refer to as the "network effect," is driving the winner-take-all process into new industries.

No one has explored this phenomenon more thoroughly than W. Brin Arthur, an Irishman who splits his time between Stanford University and a research center in Santa Fe, New Mexico. Discussion of networks usually begins at the typewriter keyboard. Many analysts have argued that the standard arrangement of keys, starting with QWERTY in the upper left, isn't the most efficient one. But for the economy as a whole, Arthur explains, there was such an advantage to having a single standard that once the QWERTY keyboard took an early lead over a rival arrangement, the market tipped completely to a QWERTY monopoly.

Arthur's point is that there are many other "markets" that have tipped in similar ways, and that their growing prevalence contributes to the winner-take-all nature of the new economy.

"These markets tip very easily and if a company falls below 10 percent (market share), it quickly falls to zero," said Garth Saloner, an economist and professor at Stanford University's business school.

Chechens Face Despair

IN THIS city of shattered storefronts and broken spirits, a neighborhood counts itself lucky if the damage is limited to bullet-pocked masonry and scorched, empty window frames that gaze at the rubble around them, writes Lee Hockett.

In many less fortunate parts of Grozny, houses, apartment buildings, hotels, offices and theaters stand charred and crushed — if they are not just piles of twisted debris — as if some rampaging giant had smashed and burned his way through the Chechen capital with a wrecking ball and blowtorch.

Heaps of trash are everywhere. Rats poke around in the rubble. Russian troops atop armored personnel carriers roar through the puddled streets, glancing warily at civilians who stare back in sullen silence.

After almost a year of fighting, massacres and random shelling — along with unkept promises and blatant lies from the Kremlin — people in Russia's southern region of Chechnya could scarcely become more bitter than they already are.

Yet to many, Moscow's sluggish efforts to restore Grozny, the seat of a secessionist movement violently suppressed by the Russian military, are further proof that Russia is mainly interested in destroying this place, if that is what it takes to control it. They see a policy of punitive vengeance tied to the

bloody war here that has never quite ended.

"They say they want to rebuild, but it's just a show," said Hasambek Kilanov, a local construction worker who has not been paid in three months. "They've put no money into it. They've done nothing to rebuild. There's barely any place to live."

Since Moscow's forces stormed into the breakaway southern republic last December, asserting a need to restore law and order, Grozny is easily the most disorderly and dangerous place in Russia — which these days is saying something.

Although Russia's economy, reeling as it shifts fitfully toward a free-market structure, has limited resources, Kremlin officials repeatedly have stressed their commitment to rebuilding Chechnya. But despite promises of compensation worth millions of dollars for people who lost homes and loved ones in the furious bombardment of Grozny, the government has not paid up.

With well over 10,000 people in Grozny still living in basements and others in apartments with no heat or fuel, Red Cross officials are worried that winter may bring another surge of refugees leaving the city for the comparative comfort of villages. But those villages already have absorbed more than 100,000 refugees who fled the fighting in the city last winter and stayed.

Race Debate Gets a Fare Deal

COMMENT
Richard Cohen

IT WAS back during the New York newspaper strike of 1962-63 that Calvin Trillin, parodying the then-liberal (and non-publishing) New York Post, suggested one of the great tabloid headlines of all time: "Cold Snap Hits Our Town/Jews, Negroes Suffer Most."

Last week, a federal judge in New York went one better. He blocked a transit fare increase on the grounds that it discriminated against blacks and Hispanics. Transit fares were going to be hiked 20 percent for subway riders and only 9 percent for commuters on the suburban train lines. Minorities comprise 60 percent of subway riders but only 20 percent of suburban commuters.

The judge's ruling may turn out to be totally without consequence since an appeals court suspended it almost immediately. What was surprising, though, was how the decision, while unexpected, was not denounced as the caprice of a madman. The judge ruled that higher fares in the city might violate the U.S. Civil Rights Act.

OK. You can see his point. But what we really have here is yet another example of how we refuse to talk about class differences and, in-

stead, concentrate on race. It's true, of course, that a disproportionate number of blacks are poor and that poverty is, probably, connected to past and present discrimination — not to mention slavery. But what that judge really meant — but could not say — is that the fare rise was tougher on the poor than on the more affluent. For that situation, there can be no remedy.

So, in a sense, I'm sympathetic. Poor people are getting screwed and it hardly matters if they are white, black, Hispanic or anything else. But the wholesale use of race where we mean class only serves to further divide our society and lead us astray. For instance, let's suppose that the judge is right and, as a consequence, all fares are raised an equal amount, 20 percent. How is that going to help blacks and Hispanics?

What's worse, it leads us all on a silly search for parity and proportionality. Take, for instance, the hubbub over the disparate federal penalties for possession of crack-cocaine and just plain cocaine. Jesse Jackson himself denounced this and he is right. The difference between crack and cocaine should not mean the difference between a short sentence and virtually throwing away the proverbial key. But is this a racial issue?

Not really. In the first place, the

vast majority of crack or cocaine arrests are made at the state (not federal) level, where sentencing disparities mostly don't exist. Second, in city after city, these arrests are made by minority police officers who, presumably, are not racist. And third, the reason blacks are disproportionately arrested on drug charges (80 percent of federal crack defendants) is not on account of race, but on account of what they happen to be doing at the time: selling drugs. Maybe that, in turn, is linked to poverty and then to race, but it cannot be racist to arrest the very people who prey on their own community.

Sometimes, a disparity does suggest the presence of racism. Who can deny, say, that the lack of blacks in a big city fire department is evidence that something besides coincidence is at work? But arrest rates may be a different matter. The numbers themselves do not necessarily prove, or even suggest, racism. It is the same with riders on New York's mass transit system. It's not African Americans or Hispanics who are being wronged, it's anyone of any race or ethnicity who finds a fare hike a real financial burden. That's the one area in which, it seems, America is truly colorblind. When it comes to the poor, regardless of race, sex, or ethnicity, we treat them all with indifference.

Plains Without People as Main Streets Turn to Dust

Young families have become nearly as rare as the buffalo in the dying small towns of the prairies out West. Thomas Heath reports on life in the slow lane

THE only sign of children in Anselmo, Nebraska, are the rotting swings that haven't been used in years. All that remains of the high school is a pile of twisted steel and smashed concrete about to be engulfed by the cornfields that surround the town.

A gust sweeps off the prairie and through main street's withered business district. The Boot Hill Bar, a two-story building, has a sign with three-foot letters painted by an untrained hand. The bank is now a cafe, where an 80-year-old couple sells \$3 fried chicken dinners. In the corner of the library window is a poster advertising an upcoming television documentary, "Fate of the Plains."

"This is the slow lane," says mayor George Kellogg, a retired conductor for the Union Pacific railroad. Anselmo is one of hundreds of Great Plains towns slowly fading toward extinction. The population is emptying out of this vast region as advances in agriculture render most farm jobs unnecessary. So the communities where the hands once were shopped and lived are dying. "A new era of ghost towns is being created," says Colleen Murphy, of the Center for the New West, a Denver-based think-tank.

Of the 65 inhabited houses in

Anselmo, about half hold families. The rest belong to middle-aged or elderly people on social security. Like a lot of other prairie communities, young people have left for jobs elsewhere. Young families are now as rare as the buffalo that once roamed the Plains. Village clerk Laura Murphy hopes to stem the hemorrhage by building a rodeo arena on the edge of town. "We're struggling. We're not yet dying," she says.

Anselmo's recent cycle of decline began in the 1960s, when the high school merged with that of another town 15 miles down the road. The village lost a third of its population that decade. The elementary school went in the late 1970s. The marshal quit about seven years ago, but there isn't much need for law enforcement. The most violent crime during the past year was the murder of a poodle by three dogs.

Anselmo was once a center of commerce and a railroad stop, but now the only regular signs of industry are the coal trains that blow through town every 15 minutes, making their way from pits in Gillette, Wyoming, to power plants to the east and south.

The lawyers, doctors, hardware stores and banks departed as the population dwindled. Town leaders



Ghost town . . . Tumbleweed and abandoned main streets are once again starting to become a feature of life way out West

PHOTOGRAPH BY WITT JACQUES/SIPA

tout the slow pace of life as an asset — kids can roam free and doors stay unlocked. "But unless you can go to a neighbor's and play cards and call that an enjoyable evening, you wouldn't be happy here," says Mary Bahensky, 42, who raises sheep with her electrician husband.

Between 1980 and 1992, population decreased in 77 percent of Nebraska towns. Smaller towns were worst hit. All but nine of the state's 93 counties have an average population above the national median. Experts say the number reflects the loss of young people and the in-

creasing reliance on an elderly population.

Except for the one-story, industrial-looking library building, main street Anselmo looks like a movie set from the 1930s. On one side are the town park, a mechanic's repair shop, a shack that served as the town jail and an empty school building built in the 19th century. Across the street are brick structures dating back nearly 90 years. The Masons left their building years ago. The post office rents out the first floor, where postmaster Ed Zak knows every one of his 74 mailbox owners on a first-name basis.

Over at the Boot Hill Bar, owner Ron Booten, 45, sits alone, waiting for people to fill a gallon-size plastic jar with suggestions for the theme of next June's Big Sky Jubilee, the town blowout that includes a parade and ping-pong balls dropped from the sky.

Plains scholars and a presidential task force are studying ways to save these communities. Professor Frank Popper raised a ruckus when he suggested people abandon a big chunk of the Plains and make it a buffalo range. Tourism is the other option people are pinning their hopes on. The buffalo may come back yet.

Revolution Brought To Life

Grace Lichtenstein

THE EDUCATION OF A WOMAN
The Life of Gloria Steinem
By Carolyn G. Heilbrun
Dial, 451pp, \$24.95

TALK ABOUT a dream team! Gloria Steinem (now in her — gulp! — sixties) is indisputably the most celebrated activist to come out of the second wave of feminism. Carolyn Heilbrun, a few years older, is a celebrated mystery writer and feminist scholar who literally wrote the book on the problems of women's biographies, *A Woman's Life*.

The result of their collaboration (Steinem selected Heilbrun as her biographer, without having veto power over the final product) is an intriguing and unconventional portrait of this intriguing, unconventional and, above all, beloved leader. That the Steinem who emerges from this biography remains an admirable enigma in no way diminishes the book's importance.

Let's get the dishy stuff out of the way. Heilbrun dutifully catalogs Steinem's numerous lovers, including Robert Benton, Ted Sorensen, Franklin Thomas, Rafer Johnson, Mike Nichols, Stan Pottinger and Mort Zuckerman. One of Steinem's remarkable qualities is her ability to retain many of her former lovers as close friends, and Heilbrun's interviews with them reveal how she managed such transitions. The sexual surprises (at least to me): former football great Jim Brown, who later became notorious for throwing women off balconies, and Norman Mailer. While Steinem was helping the novelist's quixotic New York mayoral campaign, it seems, he "made it endlessly clear that his manhood could not survive if he didn't have sex with Steinem." Eventually,



Gloria Steinem... The best spokeswoman feminists could have

Gloria consented, "either because of fatigue or because of nonfeminist kindness." The punchline: The poor macho man couldn't perform.

Last anyone rush to buy the book for such revelations, understand that these tidbits are kept to a minimum. A search through back issues of *People* or *Vanity Fair* will turn up much more satisfying gossip. Nor will a reader find here evidence of lesbian liaisons, face lifts, hidden

bank accounts or hitherto secret cat fights, although Betty Friedan's antipathy toward Steinem is covered. The *Education of a Woman* is determinedly positive, as well as ambitious: Heilbrun wants to establish Steinem's credentials. She corrects the shallow perception of Steinem as pinup and Janis-like. The tales of her exhausting years of traveling to speak, organize and encourage women of color, women in

poverty, women in abusive relationships, women psychologically battered by the patriarchy might not make juicy reading, but it is good to see the record laid out in such detail.

Steinem's looks and self-assurance long masked her humble origins. She spent her difficult early life within a dysfunctional and poor family in East Toledo. Her mother, Ruth, who had abandoned a promising career as a journalist herself, was a follower of Theosophy, a New Age set of beliefs that helped instill in young Gloria a sense of fairness and tolerance. Ruth also suffered disabling mental illness. Heilbrun approaches this defining relationship with sensitivity and depth, showing how Steinem later applied the skills learned painfully in mothering her own mother to nurture the spirits of grassroots women all over the globe, nearly losing her own sense of self in the process.

Gloria Steinem came late to women's lib, as it was called in the '60s, her moment of truth coming at an abortion speak-out in 1969 organized by the radical group Redstockings. Once she committed herself, she never wavered, devoting the rest of her life to a career that even Heilbrun has trouble summing up. Steinem defied the often-hostile media image of women's lib by being a glamorous, widely published journalist, by openly loving men, by insisting on the inclusion of lesbians and women of color in the movement, by being calm rather than shrill and reasoned rather than rabid. Small wonder she was the leader most capable of mainstreaming the movement.

Heilbrun is keenly aware of how unique a public figure Steinem became. In *Writing a Woman's Life*, published in 1988, Heilbrun asked, how are we to view childhood? How do we deal with the mother-daughter relationship while avoiding Freud and Oedipus? "How does the process of becoming or failing to become, a sex object operate," and

how does a woman "cope with the fact that her value is determined by how attractive men find her?" By examining such issues in Steinem's life, Heilbrun gives this biography its resonance.

Where Heilbrun is weakest is in discussing some of the controversy that Steinem caused in radical women's circles. In the '70s, Redstockings and others accused Steinem of being a tool of the CIA and of helping the government subvert radical organizations. Heilbrun reports the radicals' accusations but goes mushy in setting the context and recording Steinem's response.

One of Steinem's lasting yet problematic contributions was *Ms.* magazine, a publication that was too radical for many advertisers, yet too conservative for many feminists. Heilbrun describes the essential *Ms.* dilemma — a good, professional magazine simply cannot be run by a collective — and how it became a huge drain on Steinem's energy.

I DO wish Heilbrun had lived up to her text with more pungent anecdotes, like the one Pottinger tells about Steinem enduring an evening of drunken insults from a male executive in order to secure an ad for *Ms.* I also longed for her to dig more deeply into Steinem's friendships with women like Alice Walker and Ruth Bader Ginsburg. And I wish she had sprinkled in more of Steinem's humor and wit, which so often made it easier for women to hear her message. "This is what forty looks like" is here, but my favorite epigram — "a woman without a man is like a fish without a bicycle" — is not.

Nevertheless, Heilbrun has done a valiant job in placing Steinem where she belongs — at the center of a crucial contemporary social movement. Steinem may be far from perfect, but she has made a profound difference in women's lives, and continues to be the best spokeswoman feminists could possibly have.

Preparing for the End of the Millennium

James Reston Jr.

MILLENNIUM
A History of the Last Thousand Years
By Felipe Fernandez-Armesto
Scribner, 816pp, \$35

THE LORD OF THE LAST DAYS
Visions of the Year 1000
By Homero Aridjis
Translated from the Spanish by Betty Ferber
Morrow, 250pp, \$25

THE TURNING of a thousand years in the human calendar is a powerful and mystical occurrence. Replete with myth and prophecy, it brings out primitive, medieval instincts: apocalyptic thinking, black magic, superstition, paranoia, regret and repentance. But also hope. It is a time for prophets and messiahs, and perhaps even for deliverance. As the year 2000 A.D. approaches, the imagination of the Christian world will run wild with anticipation and not a small amount of fear.

Perhaps the coming millennium is a pseudo-event, but what if it is not? In some Christian thinking, it is believed that God's day lasts a thousand years, and this notion is bound up with the biblical pronouncement that God made the world in six days and rested on the seventh. In other words, modern human history has taken 6,000 years to flower, both in its glory and in its evil, and in the

year 2000 we begin the seventh millennium. Is this the time God rests? "The time is at hand." Those words will ring from the bellfries in the coming years. The very phrase stirs anxiety. The time of what? For some, it will be the time of a great party. The Savoy Hotel in London and the Rainbow Room at Rockefeller Center are already booked solid for New Year's Eve 1999, and the Great Millennium Ball is being planned at the base of the pyramids.

But for others, the talk of apocalypse and Armageddon is no occasion for dancing. Fundamentalists see the signs of "the nightfall" all around us: AIDS and Oklahoma City, Somalia and the Shoemaker-Levy comet, Waco and Bosnia, Rwanda and the Gulf War. These feel like the biblical warnings of wars, pestilence, false prophets and natural disasters that would precede the "end time." The forces of evil, it would seem, have begun their takeover. Good Christians must prepare themselves for the final battle. But with hope and jubilation: After victory, evil will forever be banished from the world, and good shall reign.

The coming of the Third Millennium is going to be a literary event as well. In *Millennium: A History of the Last Thousand Years* and *The Lord of the Last Days: Visions of the Year 1000* an historian and a novelist provide very different slants on the coming extravaganza.

In *Millennium*, his weighty and

highly readable book, Oxford historian Fernandez-Armesto takes on the daunting and near-impossible task of looking at a thousand years of human history as a whole, "in the round," as he puts it. As if he were the director of a galactic museum, he wants to step back and look at a thousand years from an "imaginary distance." Cultures and civilizations, he says, are the tectonic plates of world history, and he is intent to focus his attention on the places

As the year 2000 A.D. approaches, the imagination of the Christian world will run wild with anticipation

where these plates scrape against each other and cause change.

This is a good and worthy idea, and Fernandez-Armesto would seem to have the erudition to pull it off. His mastery of diverse civilizations and their evolution over this vast slice of time is breathtaking. He goes far beyond such familiar European delusions as the Middle Ages and the Renaissance to portray the far-flung civilizations of Islam and China and Africa and to make them, equal partners in the evolution of the human race. Con-

quests and imperialism are for him a global phenomenon.

The author's thesis is that the initiative has shifted away from Europe and the eastern United States in these thousand years. The present and the future belong to California and points across the Pacific ocean. If "Atlantic supremacy" is really finished — an altogether breezy premise, more easily made by a European than an American — then, by Fernandez-Armesto's lights, it is more important at the millennium for us to know about how the Pacific and Eastern civilizations evolved.

Quite a few of the historical events "into storage" and puts the unfamiliar and the obscure "in the front window." He is not always successful. The minutiae of exotic places and minor players weigh the book down, and the historian fails to make clear why knowing about this exotic trader or that far-flung place is so important to understanding the grand sweep of things. The obscure anecdotes begin to feel like a literary antique shop, where the dusty bric-a-brac are leftovers from the big estate sale. In the end, it seems a bit like showing off.

In his prologue to *Millennium*, Fernandez-Armesto states that the test of a good history book is "not so much whether the past is verifiably reconstructed and cogently expounded, as whether it is convincingly imagined and vividly evoked." That is what Homero Aridjis accomplishes so brilliantly in his phantasmagoric, luminous novel

The Lord of the Last Days: Visions of the Year 1000. His setting is fabulous: In the year 1000, Cordova, Spain was one of the three great cities of the world (along with Baghdad and Kairouan, China). It was a place of poetry and science, of high culture and magnificent architecture, but also of black dwarfs and white crows, of eunuchs and slaves, of concubines and demons. And over this fantastic mix reigned a brutal warrior named al-Mansur, the Black Rider.

In *Lord of the Last Days* Christianity and Islam are locked in mortal combat, and whoever prevails will control the world. The book is narrated by an earthy cleric, Alfonso de Leon, who knows the temptations of the flesh and the uses of power, and who was raised in the harem of the caliph. At the outset of the novel, he sits quietly in his monastery illuminating the Book of the Apocalypse, but by the end, the fate of Christianity and enlightenment rests with him. Fear hovers over everything — a fear of darkness, fear of being devoured by concubines or castrated by eunuchs or beheaded by the Black Rider. The action is all psychological. One never quite knows what is real and what is imagined.

These same primitive instincts will grow stronger as the millennium approaches. In *The Lord of the Last Days*, the power of the apocalyptic message comes through, as does the dangerousness of those who speak of final battles and evil forces and heathen Antichrists.

Finance for Expats

Better safe than sorry

Choose a tax haven with a regulatory safety net comparable to the UK to keep your savings secure, says personal finance editor Margaret Hughes

FOR MANY expatriate workers taking a job abroad where salaries, particularly when living expenses and other perks are thrown in, provides the first opportunity to amass substantial savings. But while joining the ranks of the "fat cats" may substantially improve your lifestyle, the same caution applies when investing your money as it does when you are struggling to make ends meet on a UK salary. Indeed, even greater care is needed when you start contemplating offshore tax havens which may not provide the same regulatory safety net for your investments as exists back home.

And, despite the lure of tax breaks, investing offshore will not necessarily produce better returns than you would get by investing in the UK, though the choice of investment vehicles will usually be greater and charges may be lower. The rule of thumb is to stick with well-known names, based in offshore centres which have comparable regulation to that in the UK. It is also essential to get independent financial advice both before you leave and in the country you move to.

In particular, expatriates will need to establish their tax position both in the UK and abroad, not least because the tax regime in the country which you move to could prove more onerous than the one in Britain.

Only those who are deemed to be non-resident will escape UK taxation on overseas earnings. To be classified as non-resident you must have been outside the UK in a full-time job under contract for at least one whole tax year or, if you are not working full-time, for at least three years. It is essential to get tax advice both in the year you are planning to move abroad and before you return to the UK to ensure that you do not inadvertently fall into any tax traps.

While you are overseas any income, including rental income and any income earned on UK investments, will be subject to tax in the UK, though you will still be entitled to your personal allowances, so you will be able to earn some income tax free. However, investment income will be deducted at source, so you will still have to go through the hassle of claiming that tax back.

Expatriates who are deemed to be non-resident can now elect to have their interest from bank and building societies paid gross without deduction of tax.

Generally speaking, most expatriates who are non-resident in the UK will find it advantageous to build up their savings in an offshore centre. Both fund managers and investors benefit from a low tax regime, while interest paid on bank and building society accounts is paid gross. Although expatriates may be liable for tax in their country of residence, the tax rate may well be lower and the allowances greater than in the UK. There may even be no tax on overseas earnings at all.

There is the further advantage that if tax has to be paid it will not be deducted at source, so payment can be delayed, while many offshore investments allow income to be deferred until an investor is ready to realise his or her investments, by which time they may be subject to a lower tax rate.

When it comes to deciding how your money should be invested, the first home for any savings, as it would be if you were still resident in the UK, will be a bank or building society account. This will give you easy access to your funds should you need them in an emergency. If you then have enough spare cash to dip into higher risk, longer term investments, international fund managers and offshore insurance companies offer a wider range of in-

vestment vehicles than is generally available in the UK. These include investment bonds, umbrella funds, currency funds and offshore trusts. More cautious investors can also invest in specific UK government securities or gilts, which are free of both UK income and capital gains tax to non-residents.

Given the catastrophes which followed the collapse of the Savings and Investment Bank, BCCI, Barlow Clowes and, more recently, Harings, investors should be only too well aware that the promise of spectacular returns is worth nothing if your savings and investments are not in safe hands.

The safest bet will be investment funds authorised in the so-called designated territories. These are Guernsey, Jersey, Bermuda and the Isle of Man, which are the offshore havens considered by Britain's financial regulators to have investor protection and compensation schemes covering collective investment schemes which are at least equivalent to those operated in the UK — where, if an investment company goes to the wall, investors are entitled to compensation amounting to the first £20,000 of funds invested and 90 per cent of the next £20,000 invested in schemes authorised by the Securities and Investments Board.

THE Cayman Islands and Gibraltar, despite the Barlow Clowes fiasco, do not operate an investor compensation scheme.

There is at present no European Union compensation scheme, so other tax havens such as Luxembourg, the centre long favoured by continental fund managers and, more recently, Dublin, are not currently required to operate compensation schemes. But an EU-wide directive is expected to set minimum standards by the spring of 1997 whereby investors will receive compensation up to a maximum of 20,000 ECUs, or just under £17,000.

Savers fare better if a building society they deposit funds with runs

Offshore Money



Financial focus... funds authorised in one of the designated territories, such as Jersey, are considered a sound investment

into trouble because the 1986 Building Societies Act requires the parent to guarantee 100 per cent of the liabilities of any offshore subsidiary. And, unlike the UK, where compensation is limited to 90 per cent of the first £20,000 on deposit, there is no ceiling on the payment due to an individual saver, so your money is even safer than if it were deposited at home.

The UK bank deposit protection scheme, which was this year upgraded in line with European directives, requiring member states to standardise their bank deposit compensation at 90 per cent of the money lost, up to a maximum of £18,000, does not extend to depositors with UK bank subsidiaries in offshore centres. And neither Jersey nor Guernsey currently operate a deposit protection scheme.

The financial authorities in both islands have long claimed that prevention is better than cure, arguing that strict scrutiny before they allow any financial institution to enter their offshore territory provides a better safety net than any deposit protection scheme, particularly when the average deposit held is £80,000. To back this argument they point out that neither authority allowed BCCI to land on their shores.

However, both islands are tightening up their regulatory framework. Guernsey's new Banking Supervision Law, which came into effect in September last year, includes a facility for introducing a compensation scheme at short notice. Jersey has a similar facility. It is planning to alter the structure of its financial services supervision, previously conducted by civil servants, by establishing a Financial Services Commission, which it hopes will take office in 1997. The aim is to provide greater financial freedom and flexibility while encouraging the industry to play a greater role in its own supervision, though the Economics Committee will continue to have overall responsibility.

The Isle of Man set up a statutory bank deposit protection scheme after the scandal of the collapse of its Savings and Investment Bank in 1982. The scheme pays a maximum of 75 per cent of the first £20,000 deposited by each individual and covers foreign currency as well as sterling deposits.

Having established the scheme in 1991, the authorities could be forgiven for later wondering whether a better option might have been to have adopted the more rigorous approach adopted by the Channel Islands when banks come knocking on their door. Shortly after it was set up, the deposit scheme had to be paid out £22.8 million compensation

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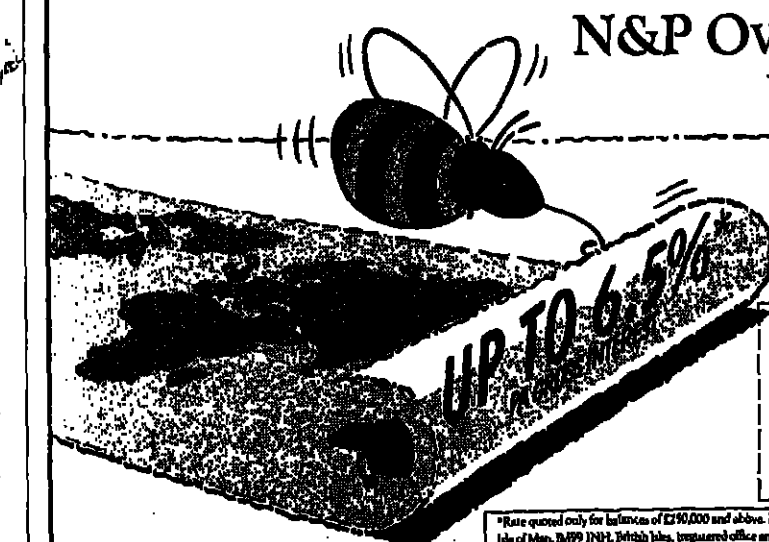
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Accounts to suit a range of investment priorities

Tax havens such as Jersey and Guernsey are home to a plethora of institutions and services vying for new customers. Nick Pandya assesses the options

OFFSHORE subsidiaries of UK registered banks and building societies offer international investors among the most competitive deals on their savings. The packages combine tax breaks, a degree of safety and the cache of British-style banking and investment services.

Currently there are a plethora of major financial institutions offering deposit-based investment accounts from bases in the tax-havens of Jersey, Guernsey, the Isle of Man and Gibraltar, which attempt to offer accounts that match the differing investment priorities of savers working around the globe.

The range of banking services offered by these accounts also varies widely, from the strictly no-frills, basic deposit account to a comprehensive account with debit or credit cards and multi-currency banking.

Accounts from Cater Allen and Guinness Mahon illustrate this

point. Cater Allen's Jersey-based High Interest Sterling Cheque account offers no optional extras. Guinness Mahon's Guernsey-based Private Interest Cheque account has a minimum opening balance of £2,500 paying quarterly interest at 4.5 per cent up to deposits of £50,000, rising to 6 per cent on investments of £250,000 and over. The latter offers free cheques, standing orders and direct debits, no minimum deposit or withdrawal limitations provided a minimum of £2,500 is left on deposit.

There is also a facility to hold balances in up to 25 currencies, without currency conversion charges and an American Express Gold Card, with monthly balances settled by direct debit from your account.

However, for modest investors seeking a simple interest-paying de-

posit account in an offshore centre, the Cater Allen account, which pays 5 per cent gross interest monthly on all deposits from £1,000 upwards, is worth considering.

Savers who consistently maintain a balance of around £25,000 can do better by opting for an offshore branch of a mainland building society. Woolwich's International Account, which is run from Guernsey, pays 6.5 per cent on instant access terms. Similarly, for savers who are prepared to wait for three months before each withdrawal, the Alliance & Leicester pays 6.9 per cent gross.

The no-frills, instant access accounts tend to pay the least — between 3 per cent and 5 per cent gross on deposits under £10,000. Savers with larger deposits will do better by switching money to an account where the bank or building society requires notice of up to 90 days between withdrawals.

Most institutions operate a tiered interest rate structure whereby interest rates are raised on a sliding scale. For example, Abbey National's Premium Share Account in Gibraltar pays 3.5 per cent on deposits of £1,000, rising to 6 per cent on an investment of at least £250,000 with instant access to funds.

Anyone thinking of opening an offshore bank account should find out whether interest is credited annually, quarterly or monthly. The more frequently interest is added to your capital sum, the higher the compound annual rate (CAR).

Then there is the matter of security. Bank deposits made off-

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Listening banks

Cliff Jones

OFFSHORE workers are among those who benefit most from the telephone services offered by banks. While telebanking is convenient to people who do not want to spend their lunch hours queuing in a branch, the service is a necessity to expatriates who have to control their finances from overseas.

The first factor that expats should consider when choosing an account is the service's opening hours. Some operations, such as those run by Co-operative, Barclays, Lloyds and NatWest, shut down by midnight. Of these, Barclays and NatWest operate only from 9am to 5pm on weekends.

These could be unsuitable for people working in areas such as the Far East or western US, where time zones will differ to such an extent that people will have to stay up until the middle of the night to check their balance back in London.

Customers should also check the extent of the services offered by the telebanking outfit. Most systems allow callers to operate their account over the phone as effectively as they could by visiting their branch.

All allow customers to check their balance, request statements, order cheque books and transfer funds. But the telebanking operations offered by TSB and Clydesdale do not

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continued from page 2
shore are not covered by the same investor protection laws as in mainland UK.

The safest approach then is to invest only with offshore subsidiaries of major mainland institutions. Building societies are required under the UK Building Societies Act to guarantee 100 per cent of their offshore subsidiaries' liabilities.

Fixed rates can sometimes prove attractive. Britannia International on the Isle of Man has a two-year fixed-rate deal paying 7.5 per cent a year on deposits of just £2,000. Also from the Isle of Man, Tyndall Bank International offers a novel, fixed-rate term deposit account which locks funds up for one, three or five years.

The minimum investment is set at £10,000 with rates and the length of term fixed at the time of deposit, but savers can withdraw up to 20 per cent of their funds in an emergency without penalty.

For investors living or working in non-sterling areas, financial institutions in the major offshore centres offer the use of currencies other than sterling.

However, caution is the watchword. Switching currencies is by definition a gamble and the risk of exchange rates moving against the saver is ever present.

Investors who eventually plan to live in the UK benefit from a tax break which can provide an extra hit to their return on investment. They can opt to roll up their interest to take income at a later date, thus delaying tax on the investments — possibly until the saver has dropped

continued from page 2
allow customers to arrange overdrafts, even though they are 24-hour operations.

People living offshore should check what kind of overall service they require from the bank. With the exception of NatWest's Primeline, all the telebanking operations mentioned above are designed as an extension to an existing branch account.

These are favoured by many offshore workers who want to visit a personal banker when they return to the UK.

The growing number of people who do not need the personal touch in their relationship with a bank can choose from one of the stand-alone telephone services which are separate from a branch-held account.

These include Save & Prosper, Alliance & Leicester, Bank of Scotland, Citibank and the Midland-run First Direct, all of which offer the full range of banking services, including bill payment and cheque cancellation independent of any branch network. The newest stand-alone service, from Royal Bank of Scotland's Jersey division, caters specifically for offshore customers.

Offshore Telephone Banking is a 24-hour operation which gives expats instant access to their offshore bank accounts.

But while many of the banks operating from offshore locations may not operate a packaged telebanking service, most provide facilities for transactions to be conducted by fax and telephone, as do building societies.

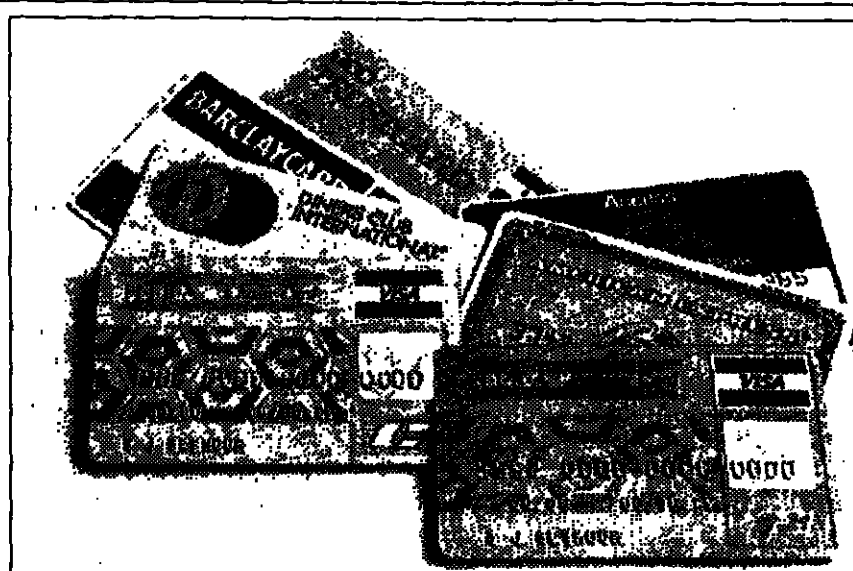
Midland Offshore customers have free access to a fax or phone, and Barclays and Lloyds also have customer services units for dealing with instructions by fax or phone.

down to a lower tax bracket, say at retirement. Meanwhile, the 25 per cent tax due (or 40 per cent for higher rate taxpayers) continues to earn additional interest for the investor — rather than for the tax collector.

However, investors should be aware of a major flaw in depositing cash offshore. There can be major problems with probate in the case of the depositor's death. Heirs can pay large fees just to get access to funds held on behalf of the deceased in offshore centres.

To receive an up-to-date résumé of terms and conditions of the various offshore deposit accounts on offer, contact Moneyfacts Publications, Laundry Lane, North Walsham, Norfolk, NR24 0ND; Telephone 144 11692 500765

Deck of cards:
The range of banking services offered by offshore accounts vary from the strictly no-frills, basic deposit account to a comprehensive account with debit or credit cards and multi-currency banking



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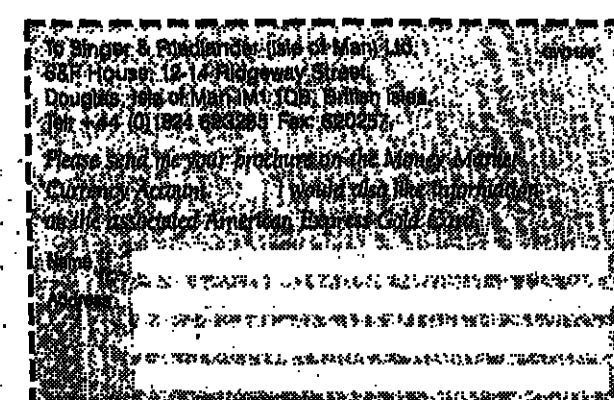
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continued on page 3

Now's the time to buy a house back home

The slump in the housing market means the UK is now a highly attractive proposition for those seeking a home or simply an investment, says **Ian Wylie**

DEPRESSED property prices in the UK are a bonus for expatriates looking for a pied-à-terre, a home to which they can retire or even an investment, but mortgage lenders are not making the task of borrowing easy.

The slump in the housing market has made UK property affordable again by international standards. For expatriates who hope to retire

there or who find themselves back in the UK on a regular basis, buying a property now has its attractions. With house and flat prices in the doldrums, property also has some investment appeal again, although most housing analysts expect prices to grow by only a little more than inflation during the next five years.

One of the main barriers to expats buying UK property has been

removed in the last couple of years. Until April 1993, expatriates visiting the UK even for short periods of time were judged by the tax authorities to be UK-resident for the whole year if they had accommodation available for their use.

However, since the abolition of the "available accommodation" rule expats have enjoyed greater freedom to return to their homes in the UK without the threat of an extra tax bill.

Buyers who intend to let the property will also benefit from new Inland Revenue self-assessment

rules, which will simplify the procedure by which income tax does not need to be deducted from rental income at source. Under current rules tenants are supposed to pay tax directly to the Inland Revenue, which the overseas landlord has to claim back at a later stage. However, where he has a UK agent, tax can be paid after normal allowances are deducted.

Under self-assessment, the property owner will be able to obtain a clearance certificate, although the Inland Revenue will need to be convinced that the landlord expects to

have no UK taxable income and has paid all previous tax bills.

Many expatriates have the savings to buy a property outright, but there are still tax advantages to be gleaned from taking out a mortgage. Along with other liabilities involved in letting a property, such as repairs and management fees, mortgage repayment can be offset against tax on rental income. Thanks to a renewed demand for rented accommodation, management agencies say landlords are earning gross returns of up to 10 per cent on prime London properties after service charges and management fees.

Miras is slowly being phased out, but some overseas borrowers can still gain 15 per cent tax relief on the first £30,000 of borrowings. Under Extra Statutory Concession A27, expatriates are entitled to four years' relief, but they must persuade the Inland Revenue that they had to leave the property because of work commitments.

Getting a mortgage from a UK lender, however, is far from easy. Only a dozen or so of the country's banks and building societies will consider lending to expatriates who

continued on page 5

continued from page 4
want to buy a second property for letting purposes or as an outright investment.

Those which do usually impose tough restrictions and charge rates higher than those paid by domestic borrowers. The common view among lenders is that pursuing mortgage debts is much harder overseas and the maximum loan-to-value ratio is usually 70 to 75 per cent. The problem for overseas borrowers is compounded by mortgage indemnity insurers, who won't insure lenders for non-UK residents.

While lenders offer a myriad of financial incentives to home buyers in the UK, there are no cashbacks or free cars for expats. At worst, some lenders will charge overseas borrowers a commercial lending rate. "Many lenders treat expatriates as though they were living and working on Mars," says Adrian Wright of broker International Mortgage Plans.

"This is high quality business that is not available in the UK. Yet lenders think it is too risky, or they decide that, because expats have lots of money, they can afford to pay more. It's simple greed."

Mr Wright says interest in UK property is particularly keen from expats in Hong Kong as the colony nears its handover to China, but many would-be buyers are finding mortgage applications slow and cumbersome.

By taking out a mortgage in the currency of their main income, expats can reduce exchange rate costs and may enjoy interest rates lower than the current UK mortgage rate

According to Mr Wright, one lender took more than two months to underwrite a £200,000 mortgage for an expat QC in Hong Kong who wanted to buy a £700,000 flat in London's Maida Vale. In the end, the borrower was asked to update all the information originally submitted because it was no longer current.

A handful of lenders, however, are beginning to roll out special mortgage products for expatriates. Halifax Mortgage Services, for example, has launched three fixed-rate mortgages for expat borrowers: a two-year fix at 5.49 per cent, a three-year fix at 6.99 per cent and a five-year fix on 7.99 per cent. Maximum loan-to-value is 80 per cent, or 75 per cent if the property is worth more than £250,000.

The Portman Building Society has just raised the interest rate on its two-year discount mortgage for expats, but at 5.99 per cent it is still among the more competitive rates. Northern Rock is offering a six-month discount of 6.05 per cent on an 85 per cent mortgage, but the lender prohibits borrowers from letting the property to anyone other than family.

A number of lenders, such as the National Australia Bank, Hill Samuel and Kleinwort Benson offer currency switching mortgages, where the mortgage debt is transferred into another currency. In most cases, the borrower pays an interest rate of 1 or 2 per cent above the rate at which banks lend to each other. If the currency is weak,

borrowers can benefit from a fall in their mortgage debt, but if it strengthens, the debt can rise spectacularly. As a result, foreign currency mortgages should be considered only by sophisticated investors.

However, by taking out a mortgage in the currency of their main income, expats can reduce exchange rate costs and may enjoy interest rates lower than the current UK mortgage rate of 7.99 per cent. "If an expat is paid in US dollars, it can make sense for the mortgage to be in US dollars," says Mike Stillwell, personal lending manager at Barclays' Jersey office.

"But you really have to know what you're doing, and we rule out foreign currency mortgages for borrowers who are simply interested in speculation."

Before taking out a foreign currency mortgage, borrowers need to consider the factors likely to affect the exchange rate's movement. To reduce the element of risk, Barclays limits foreign currency mortgages to 60 per cent of property value. Borrowers must also assign a life insurance policy to the mortgage. The minimum amount that can be borrowed is £50,000.

According to Mr Stillwell, expats who took out mortgages in French francs, Swiss francs or Deutschmarks two or three years ago will have been hit hard while borrowers with yen or US dollar mortgages have endured a "rollercoaster ride". Mr Stillwell admits that one Barclays borrower who took out a mortgage in Swiss francs has seen his mortgage debt rise by more than 50 per cent.

The number of lenders offering

foreign currency mortgages is growing, but each lender has different restrictions on mortgage terms allowed, maximum loans and interest rates. A handful of banks offer multi-currency mortgages which allow borrowers to switch between currencies during the life of the mortgage.

More than £200 million worth of multi-currency mortgages have already been sold to British home-owners, but as the banks readily agree, multicurrency mortgages are suitable only for borrowers who can afford the risk, not for home-buyers looking for interest rate savings. Kleinwort Benson stipulates that borrowers must be earning at least £50,000 a year and have a property worth £200,000 or more. The maximum mortgage is 60 per cent of property value.

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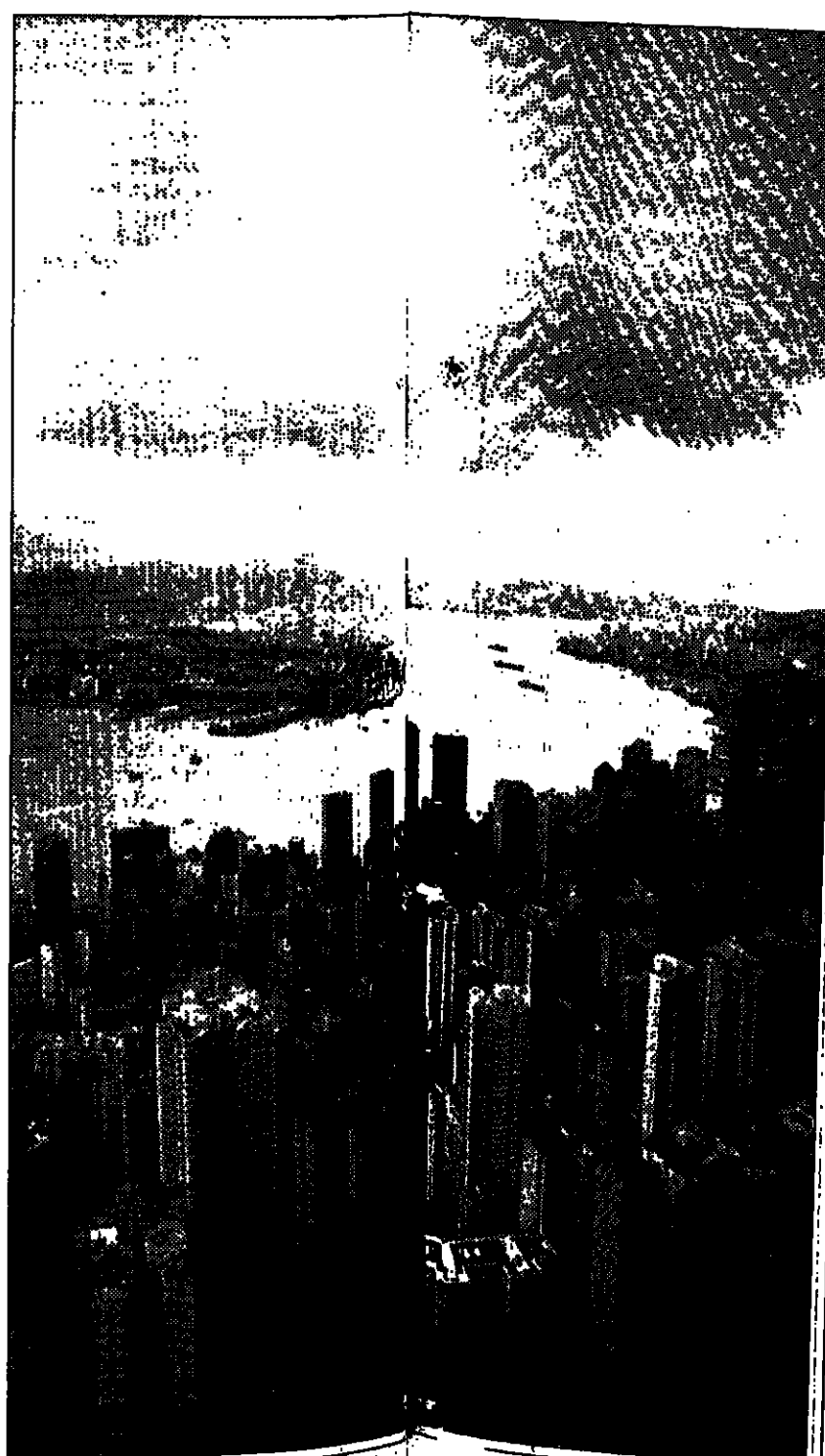
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East to West: interest in UK property is particularly keen from expats in Hong Kong as the colony nears its handover to China, but many would-be buyers are finding mortgage applications slow and cumbersome. According to Adrian Wright of broker International Mortgage Plans, one lender took more than two months to underwrite a £200,000 mortgage for an expat QC in Hong Kong who wanted to buy a £700,000 flat in London's Maida Vale.

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Getting just the right mix

Umbrella funds, offshore insurance bonds or trusts?
Paul Slade outlines the options for investors

ONCE you have got your offshore bank and building society arrangements sorted out, there are three major product areas which the expat investor should consider: umbrella funds, offshore insurance bonds and offshore trusts.

An umbrella fund is one which contains a number of sub-funds investing in currencies, bonds and equities around the world. You can

choose the mix of investments which is right for you through the sub-funds you pick.

Like other offshore products, umbrella funds are run by subsidiaries of UK fund management companies from low-tax economies such as the Channel Islands or Luxembourg, and will grow free of UK income and capital gains tax.

One advantage of umbrella funds for active investors is that you can

switch the balance of your portfolio around within the fund by moving cash from one sub-fund to another.

Most of the groups running umbrella funds will give you a handful of free switches each year before they start making a charge. Before choosing a fund, you should be sure it has a wide enough range of sub-funds for your particular needs.

Martin Brown, marketing director (funds) of Clerical Medical International says: "One of the advantages is that you can gain access to a large number of funds under one roof, and you should be able to move rel-

atively cheaply and relatively trouble-free between those funds."

There are two types of umbrella funds: distributor funds and roll-up funds. Distributor funds will give you a regular income, while roll-up funds simply reinvest your income for capital growth. Tax becomes payable when you cash in the fund, and will be payable in whichever country you are then living. If you plan to return to the UK on retirement, you can use an umbrella fund to defer payment of tax until you have stopped working and fall into a lower tax bracket.

A straightforward offshore insurance bond puts your money into a UK insurance company's life fund. As with umbrella funds, this money will be sheltered from UK income and capital gains tax until you choose to cash the bond in.

Royal Skandia UK sales manager Andrew Riant says: "The idea is to defer the tax until it's most suitable for your individual circumstances." Personalised portfolio bonds are more flexible, and let you "wrap" an existing portfolio of shares, fixed-interest securities, unit trusts and cash within the bond. Equities can be those quoted on any recognised stock exchange in the world, cash held in any major currency and trusts from any fund manager you choose.

Ralph Davis, managing director of specialist offshore adviser Bentley Reid & Co, says: "We regard these offshore policies as a form of pension planning. It's the only opportunity for a non-resident to level himself with the guy in the UK who runs up money in a pension fund."

If you keep a bond running after your return to the UK, you can take up to 5 per cent of its value tax-free as income each year. When you come to cash in the bond, UK tax is payable only for the period you have lived in the UK.

In other words, if you held a bond for 15 years, and lived in the UK only for the final five years, you would pay UK tax only on one-third of its value.

The life insurance element of the bond can be written either on your own life or a joint-lives basis with your partner. When the final person insured dies, the bond will terminate and tax may become payable. Although most insurance bond business relies on large lump-sum investments — at least £50,000 to £100,000 — regular savings plans are also available.

Offshore trusts, also available from the overseas arms of UK life offices, can help mitigate your

To change your domicile you must persuade the taxman you have severed all links with your country of origin

heirs' inheritance tax liability by taking some of your assets outside your estate. One way of doing this would be to create a gift trust.

Even if your overseas residency means you are outside the scope of UK income and capital gains tax, your estate may still be subject to UK inheritance tax. This is because liability for income tax depends on where you earn the money, but liability for inheritance tax depends on your parents' country of origin. This is known as your domicile.

To change your domicile, perhaps to avoid UK inheritance, involves persuading the Inland Revenue that you have severed all links with your country of origin. Although it can be done, it is fraught with difficulties and only worth attempting for really substantial estates.

A gift trust works by making a loan to the trustee, who uses that loan to buy an insurance bond, written on your life, the growth from which will eventually go to your chosen beneficiaries. The initial loan is paid back to you in increments of up to 5 per cent a year, giving you a regular source of short-term funds. The growth in the value of the bond remains outside your estate, and so escapes inheritance tax.

If you die before the loan is paid off, the outstanding amount reverts to your estate, and so is taxable, but the growth remains free of inheritance tax and will go to your beneficiaries in full.

Currency funds

Hitting the high notes

*I've got ninety thousand pounds in my pyjamas.
I've got forty thousand French francs in my fridge.
I've got lots of lovely lira,
Now the Deutschmark's getting dearer.
And my dollar bills could buy the Brooklyn Bridge.*

— Monty Python's Flying Circus

EVERY investor will need to keep some of his or her portfolio in cash and, for expats, offshore-based currency funds can be a good way of doing so, writes Paul Slade.

At its simplest, a currency fund will act much like a bank deposit account, but should offer a slightly higher return. Take the example of a British expat, working in Spain and keen to build up a lump sum for his eventual return to the UK.

He can pay money into his currency fund in pesetas, but have the money held in sterling. The fund's manager will then take his money, add it to the huge pot created by other investors, and lend it out to banks and other financial institutions around the world. Because of the huge sums involved, they should be able to get their fundholders a higher rate of interest than would be available to individual depositors.

One golden rule when considering currency funds is to remain focused on your base currency — that is, the currency in which you eventually hope to spend the money you have saved. It is only when you come to spend the money that you crystallise any gain or loss which your investment has made.

Guinness Flight director Nick Smith says: "If an investor thinks of himself as a sterling investor, then going into a single-currency sterling fund really presents no more risk to capital than if you were putting your money into a bank deposit account."

Now suppose that our intrepid expat has decided that the US dollar will rise considerably against sterling over the next few months. He could switch some of his money to dollars for long enough to make a profit, and then return to sterling. All this can be done within the fund and for a lower foreign exchange cost than you will pay in the high street.

But this kind of speculation is not for the faint-hearted. Because currencies move against each other, you have to be concerned not only with any weakening of the currency you have bought as a gamble, but also any strengthening of the currency you eventually hope to return to. If you get it wrong, the consequences will be doubly serious. As a rule of thumb, the further you stray from your base currency, the more risk you are taking on.

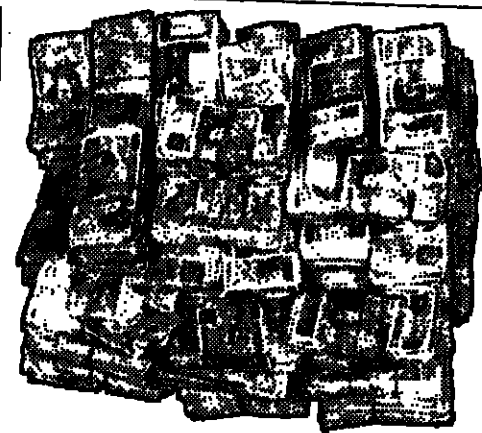
The alternative to a single-currency fund is a managed fund, which aims to maximise its investors' profits by buying and selling major currencies throughout the world. In this case, the investment decisions will be made for you by a professional fund manager.

These funds are riskier than single-currency ones, as there is always the chance that the fund managers will get it wrong.

Managed currency funds should be approached in much the same way as an equities unit trust, or any other pooled investment vehicle. You should be prepared to ride out any short-term dips in performance, and aim to leave the bulk of your money untouched for at least three to five years.

A well-run managed currency fund should outperform bank deposits, but can be riskier than equities fund. Currency funds are also different from equities funds in one other important respect. Because equity markets round the world tend to take a cue from one another, there may be periods when all world stock markets are in simultaneous decline.

However, because currencies move against one another, the fact that some currencies are falling at a



given moment means others must be rising. That means that, even in times of falling stock markets, there is always the chance to make money in currencies. Against that, how-

ever, currency funds can move sharply, without warning and can be very volatile.

Smith says: "It's prudent for all investors to have a balance of assets

Sterling effort: the alternative to a single-currency fund is a managed fund, which aims to maximise its investors' profits by buying and selling major currencies

between the three major asset classes. Ignoring property for the moment, that's equities, bonds and currencies."

As far as charges are concerned, single-currency funds have no initial charge but do make an annual management charge of around 0.75 per cent. Managed funds make an initial charge of about 5 per cent and an annual management charge of up to 2 per cent.

When selecting a currency fund you must decide whether you want one which "rolls up" all your cash to provide a bigger capital sum or one which pays a regular income. These are known respectively as "accumulation" and "distribution" funds.

If you need access to some of your cash quickly, you should be able to get hold of it in about four banking days.



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Providing for old age

Those working abroad must have an adequate plan to support them in retirement, says **Teresa Hunter**

THE generous salaries and other benefits which are earned by expatriate workers only too frequently contrast with the stark poverty of pension arrangements which could trigger a collapse of their standard of living in

later life. All too often expatriate workers, who have thrived on the good life during varied and colourful careers around the world, find themselves struggling to survive without even a basic state pension in old age. Those working abroad must take

the initiative themselves and plan for the future, because for once no one, neither the state nor an employer, will encourage you to do so.

Inland Revenue rules prohibit contributions to a UK pension unless you have earnings in the country which are relevant for tax purposes. As this would exclude most expats, many will need to consider other options.

The length of any stay overseas, combined with when and where you plan to retire will be crucial factors in deciding which course of action to take. The first step is to protect and build upon any benefits which have already been earned in the UK. If you have contributed to the UK state pension scheme for three years, you can continue to do so while working abroad by making voluntary contributions of around £5 weekly.

You will then qualify for a basic state pension provided you contribute for a minimum 11 years — although 11 years contribution will only buy a quarter of the basic single person's pension, which is currently £59.16.

This pension will be index-linked for employees who retire to the UK, and to those who choose retirement in Western Europe or the United States. While their pension will go up each year in line with prices, it will never increase and will only ever be paid at a flat rate to those retiring elsewhere in the world, notably in Canada, Australia and New Zealand under the current arrangements.

Similarly, although those working overseas cannot contribute to a UK company pension, it is possible to remain a member, and large UK employers will frequently arrange the affairs of employees seconded for limited periods abroad in such a way that their pensions are not affected.

The Inland Revenue rules allow for an employee of a UK company who is seconded to work for a foreign employer to continue membership of his old UK scheme for three years. Where he is employed by an overseas company which is part of a UK group, this period is extended to 10 years. A direct employee of a UK company can continue his membership of a UK pension scheme until he retires or dies.

HOWEVER, the pension will be based on a salary applicable to his UK status, which may be lower than his overseas earnings. The pension will also accrue in sterling, which may present an exchange-rate risk for someone intending to retire abroad.

Those without a company scheme face the daunting task of making their own investment arrangements. The ideal solution would be an internationally portable savings plan with cross-border tax advantages. However, this is still a pipe dream despite the EU Pensions Directive and attempts to free up the pensions market.

There is no shortage of offshore investments for expats which will roll up without any tax deductions.

But these investments may well become taxable in the country in which you are living when they are cashed.

Some of these, typically those offered by insurance companies based in Guernsey or the Isle of Man, may bear the label "pension plan", but do not be fooled — they are simply insurance company savings schemes.

They invest your money in one of a range of funds normally for a pre-determined period, at the end of which you can withdraw all the sums accumulated, take a regular income, or use the proceeds to buy an annuity — which guarantees a regular income until death.

UNLIKE UK pensions most plans can be cashed in earlier — but there may be heavy penalties for doing so. As most expats can never really be sure when they will return to the UK, it can make sense to invest a single premium once a year rather than commit to a regular monthly savings plan for 10 or 20 years.

These plans cannot be converted into a UK personal pension on return to Britain. However, when choosing a plan ensure it is of the sort which can at least be switched to a UK qualifying insurance policy. The returns from these policies are free from personal tax, but subject to corporation tax — which is roughly equivalent to basic rate tax — offering higher rate taxpayers some mitigation.

Alternatively, employees should simply adopt the normal investment strategy of spreading their risk among a range of offshore investment funds, sticking to well-known institutions and offshore centres with good regulation, such as Guernsey, Jersey and the Isle of Man.

As gains earned after any return to the UK may be taxed, it may well be advisable to transfer cash into pension schemes — subject to Inland Revenue restrictions — for those still working on their return. Alternatively, money could be brought onshore, again subject to annual limits, through Personal Equity Plans and TESSAs — both of which provide tax shelters.

Finally, those working offshore should not forget to exploit any local plans which might help reduce their tax bill.

For further information about voluntary contributions to the state pension scheme, contact the Department of Social Security (Overseas Branch), Longbenton, Newcastle upon Tyne NE28 1TX.

Better safe than sorry

continued from page 1
to 3,400 BCCI depositors when it went belly up.

The Isle of man authorities, which are keen to expand the island's role as an offshore centre, are now planning to introduce a new banking act within the next year with the aim of providing greater investor protection.

The new act will increase the supervisory role of the Financial Supervision Commission by giving it greater powers to refuse, suspend or revoke banking licences.

Luxembourg also has a bank deposit protection scheme with a ceiling of 500,000 Luxembourg francs (just under £11,000), which will be up-

graded in line with the recent EU directive on deposit guarantees. Dublin operates a scheme but covers only deposits in punts. However, it too will have to comply with the EU directive.

Gibraltar, which currently has no deposit protection scheme, will also become subject to the EU directive.

While an investor will welcome any tightening up of regulatory procedures, the guiding principle when shifting your funds to seemingly exotic tax havens is to play safe rather than sorry.

Stick to names and countries you can check out yourself and take advice from an independent financial adviser — but don't forget to check them out too.



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China sets timetable for tariff cuts

Kevin Rafferty in Osaka

JIANG ZEMIN, China's president, stole the show on the final day of the Asia Pacific summit meeting by presenting a package aimed at reducing tariffs by 30 per cent from next year on a range of more than 4,000 products.

These would be part of "a series of important measures aimed at deepening the reform" of China's economy, he told fellow leaders on Sunday.

The measures were aimed at helping clear the way for China's entry to the World Trade Organisation. But they were also

a signal that the country intends to be an increasingly important player on the international economic stage.

Mr Jiang warned, however, that if liberalisation came too rapidly for developing countries it could damage them.

His proposals came as leaders of the 18-member Asia Pacific Economic Co-operation forum (Apec) put flesh on outline plans to open their markets by early next century.

In Brussels, the European Commission vice-president, Sir Leon Brittan, said the moves "can only accelerate the process of China's accession to the WTO".

In Osaka, the US vice-president, Al Gore, welcomed China's move as "positive" but suggested that Beijing still had work to do before it could join the WTO. Long Yongtu, China's chief negotiator at the trade body, told the South China Morning Post that the cuts were in exchange for a promise made by Mr Clinton to Mr Jiang to push for China's entry to the WTO.

Leaders of the Apec countries straddling the Pacific adopted an "action agenda" that will liberalise trade throughout the region by 2010 for industrialised members and 10 years later for developing countries. But that came

only after some argument. The agreement allowed for "flexibility" in the agenda.

Use of such vague language allows politicians to present the deal as a triumph that protects national interests. Apec accounts for about 60 per cent of the world's economic output and almost half of its trade, but its members include the super-rich like the US, Japan and Australia, rapidly growing economies like Hong Kong, South Korea and Taiwan, and poor ones like China.

Even rich countries like Japan are resisting opening their protected agricultural sectors to foreign competition. Mahathir Mohamed, Malaysia's prime minister, continued to claim that the dates set at last year's sum-

mit in Indonesia were not deadlines.

"The weak countries cannot liberalise too soon because they are not in a position to compete with the stronger members in Apec," he argued.

But Tomihiko Murayama, the prime minister of Japan, claimed that "Apec presents us with a golden opportunity". Some Japanese officials say Apec's promises of "flexibility" will offer the rest of the world a harmonious way to settle disputes by fudging deadlines and conditions rather than risking break-up over points of detail.

Japan promised further deregulation and gave \$100 million to Apec projects for economic and technological co-operation.

Taxation is a game Labour can win

Gordon Brown's plans for a lower income tax rate offer Labour the chance to wrest the initiative from the Conservatives, writes **Will Hutton**

BITAIN taxes the low-paid average workers and families comparatively heavily, but lets business off scot-free. By international standards, taxation is so light on business and the wealthy that, overall, Britain is a low-tax country — but it gets nothing back in higher investment, growth or even loyalty to these shores.

What we have instead is a mean social security system and a decaying public sector — and a tax revolt from the mass of the electorate who have a genuine grievance about how much tax they pay.

This is the conundrum facing the Labour party as it prepares to confront a Budget next week designed to give it the maximum political difficulty. Should it vote against cuts in the standard rate of income tax, financed by further damaging cuts in public sector investment?

The political decision is easier over the likely concessions on inheritance tax, capital gains tax and the 40 per cent top rate of income tax, where the country's mood is fiercely against any more giveaways to the rich. But the party's instinct is to do so would be the final sell-out to modernisers.

This instinct is wrong. It is not merely that the politics of resisting income tax cuts work almost completely to the advantage of the Conservative party, it is that there badly needs to be a restructuring of

British taxation, in which the burden is shifted from families and the low-paid to business and the wealthy.

Cuts in the standard rate, although not well targeted, contribute to that restructuring. They can be left in place, and used as the platform by any future Labour government for further tax reductions on the low-paid and average production workers along the lines advocated by Gordon Brown last weekend.

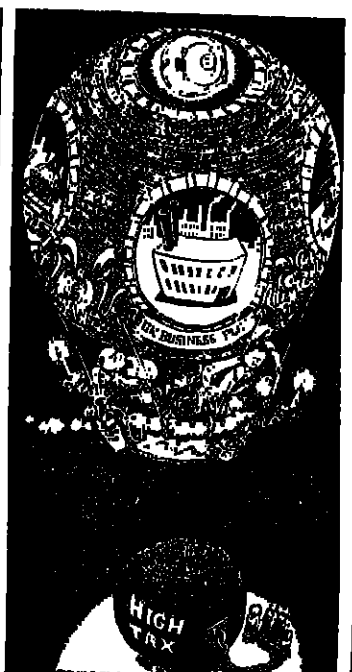
Tax increases should be confined to the three-quarters of government receipts that come other than from income tax. Taxation is a game Labour can play and win.

The table below reproduces some salient statistics for the structure of taxation and expenditure among the Group of Seven industrialised countries that I have collected from various OECD reports. The 36.4 per cent of gross domestic product (GDP) going in tax is well below the EU average, and even below the OECD average — despite the substantial increases over the past two years.

Yet, despite the low tax take, the average British production worker, married with two children and with a non-working spouse, loses the second-highest proportion of his or her income in tax and national insurance contributions in the G7.

Nor are the low-paid and families paying for a notably generous social security system. Within the G7, only Japan's social security budget, as a proportion of national output, is

in the G7, excluding Britain, business's average contribution to government finances is 10.4 per cent of GDP, nearly double the 5.9 per cent made by British business. But there is little correlation between low business, taxation and investment and growth. Japanese business taxes are 3.5 per centage points of



GDP higher than Britain's — some £25 billion in British terms — but Japan's annual growth rate between 1977 and 1994 was 3.4 per cent against 2.0 per cent in Britain — the lowest in the G7. In Italy, business taxes stand at 17.2 per cent, nearly three times higher than in Britain, yet the Italian growth rate is fractionally higher than the British.

Thus, British workers are getting a poor return for shouldering the tax burden that elsewhere is accepted by business. Investment is low and growth poor; and although much is made of the attraction of low business taxation to foreign investors, less is made of the annual exodus of British direct investment, so that Britain suffers from a net outflow of direct investment. Most of this is due to the relatively high business taxation is higher than Britain's.

British employers pay proportionately less in social security contributions than any other country in the G7. Britain's 3.5 per cent of GDP compares with an average of 7.8 per cent every 1 per cent of GDP by which the gap was closed would

imply some £7 billion of extra revenue. It is in these terms that Kenneth Clarke's Budget should be assessed. Taxation on low-income households, particularly low-income families, needs to fall. The invidious way the social security system treats women with non-working husbands, so their earnings are an excuse to lower their husbands' entitlement to income support, needs to be further relaxed.

Equally, the rate of withdrawal of housing benefit should be eased; it is the sudden withdrawal over a narrow income scale that makes it hardly worthwhile to move from income support to paid work, imposing effective marginal tax rates of as much as 80 or 90 per cent.

Increasing personal allowances would focus any funds for tax reductions more directly on low earners, more of whose income would become wholly free from tax, but the 10 per cent starting rate for income tax proposed by Gordon Brown is more eye-catching, and outflanks the Conservatives on their own ground. Indeed, it could even come to define the terms of the argument over taxation.

In office, Labour should continue the process, financing tax concessions to ordinary voters by supplementing higher business taxation with increased capital gains and inheritance tax.

NOR IS there any need to raise the top rate of tax much above 50.55 per cent. Above that the returns are paltry. Why earn the reputation for being a high-tax party for so little financial return?

To reply that raising business taxes will lower investment and growth is wrong. British investment has been falling since 1970, says Nicholas Oulton, argued in last week's NIESR quarterly review, the British economy has been managed so badly over the past 25 years it has spent more quarters in recession than almost any other — justifying business worries over the stability of demand and so deterring investment.

Second, the pattern of share ownership, short-term bias of British banking and fear of takeover scares to raise the cost of capital to exceptional heights.

These are the reasons investment is low, and low business tax does not begin to offset their powerful influence.

The Budget, is supposedly, the moment the Conservatives will regain the political initiative, with tax cuts. But it could be the moment when the old arguments are finally exploded and a new agenda over tax becomes politically compelling.

In Brief

THE Dow Jones Industrial Average of 30 blue-chip shares broke through the 5,000 barrier for the first time. The Wall Street index has gained 1,150 points this year.

RUSSIA'S multi-billion-dollar strategic diamond reserve is thought to be running out of standard quality gems. Two years of heavy selling have left the stockpile, worth an estimated \$4.8 billion, with stones at extremes of the price range.

McDONNELL Douglas shares soared amid reports that the aircraft builder may merge with Boeing. The two companies were said to have held secret talks in New York.

LOSS-STICKEN Lloyd's of London was thrown into fresh crisis with the sudden resignation of its chief executive Peter Middleton, the man widely credited with masterminding the 300-year-old insurance market's struggle for survival.

RUPERT MURDOCH'S News Corporation announced a new joint venture to launch an array of satellite television channels in Latin America.

DAIWA BANK has been ordered by Japan's finance ministry to cut its international operations by \$26.7 billion.

FOREIGN EXCHANGES

	Starting rates November 18	Starting rates November 20
Australia	1.029-2.1078	22.0859-2.0863
Austria	15.49-15.52	15.35-15.38
Belgium	46.23-45.98	44.58-44.89
Canada	2.060-2.060	2.062-2.063
Denmark	8.62-8.64	7.95-7.97
France	7.49-7.51	7.49-7.51
Germany	2.288-2.289	2.1853-2.1853
Hong Kong	12.01-12.02	11.87-11.87
Ireland	0.5710-0.5738	0.5677-0.5702
Italy	2.478-2.483	2.480-2.478
Japan	167.77-168.03	167.01-167.27
Netherlands	2.4893-2.4728	2.4864-2.4701
New Zealand	2.369-2.365	2.3765-2.3790
Norway	8.71-8.72	8.65-8.65
Portugal	201.77-202.40	228.76-229.40
Spain	160.16-160.48	157.85-158.25
Sweden	10.35-10.37	10.16-10.19
Switzerland	1.7788-1.7794	1.7828-1.7827
USA	1.554-1.5551	1.5482-1.5482
EU	1.207-1.2087	1.1907-1.191

FTSE100 Share Index rose 85.84 at 3,518.5, 17.7% 200 index up 95.8 at 2,668.5. Gold down 85 at \$335.50.

'It's not me who has changed but them'

Egypt's President
Hosni Mubarak talks to
Jacques de Barrin
and Mouna Naïm

WHY HAVE opposition parties in Egypt decided to take part in the general election of November 28, whereas some of them boycotted the poll the last time round?

No one stopped them taking part in the past. We asked them to do so more than once, but I think some parties were short of cadres. It was a technical problem.

You tolerated the Muslim Brotherhood for almost 15 years. Why have many of its members now been jailed?

They want to form a religious party — which is against the law. It's not me who has changed, but them. They assassinated two prime ministers and a finance minister before the revolution [of 1954]. Then they pretended to support Nasser, but tried to assassinate him in Alexandria.

And if Sadat didn't crack down on them at the beginning of his presidential term it was because his priority was to recover the Occupied Territories. But they killed him. There's a contradiction between their behaviour and the basic principles of Islam and the Koran.

Amnesty International has just deplored once again what it calls "the deterioration" of the human rights situation in Egypt and

noted an increase in the number of people who have died during detention.

Those who are in jail were arrested in accordance with the law. Amnesty International is putting out propaganda. We cannot be breaking the law since anyone can lodge a complaint with the courts. We do not interfere with the legal process. Seventy officers were tried on charges of violating human rights. We didn't intervene. The court pronounced them innocent.

Why has the liberalisation of the Egyptian economy been so slow? What's the state of play regarding the devaluation of the Egyptian pound?

Forget devaluation. Look at what happened in Mexico and other countries. Even the IMF agreed to drop the idea.

It would be disastrous if I devalued: prices would go up, the population would complain and suffer, and I'd have to increase salaries and find money to pay for the debt. That would mean more taxes and more poverty.

Why did you hesitate before deciding to go to Yitzhak Rabin's funeral?

When Sadat was killed, the Israeli premier attended his funeral. The following day the president of Israel went to Cairo. So when Rabin was killed I felt it was my duty to go to his funeral.

No one twisted my arm. I simply wanted to find out the composition of the delegations that were coming from all over the world. As soon as I heard that President Chirac,



President Clinton and other heads of state and of government were attending I decided to go myself.

Why is the process of normalisation between Egypt and Israel taking so long?

We signed a peace accord. We are encouraging the population to work with the Israelis, but we can't force their hand. Egypt is a democracy. Things are better now.

But the normalisation process seems to be going ahead more quickly between Israel and Jordan.

Jordan has only 3 million inhabitants, and my country 60 million. Israel and Jordan have long had a special relationship, because many Palestinians live in Jordan. There are constant contacts between people on either side of the Jordan river.

Is the Israeli-Arab peace process on the right track?

The peace process must continue in the interest of all the peoples of the region. The agreement concluded between Israel and the Palestinians must be strictly applied because any backtracking would be disastrous. Shimon Peres is a pragmatic man. Rabin managed to move towards a solution of the trickiest, most complicated and most dangerous of all problems in the Middle East: the Palestinian problem.

As regards negotiations between Israel and Syria, they ought to get going again. I'm doing my best to help. There are obstacles, but it should be possible to overcome them with a little flexibility on both sides.

What can be done to end the sufferings of the Iraqi population?

We have to come up with a formula to help them. If Saddam Hussein stays in power for another 10 or 15 years, we can't abandon the Iraqi people and allow them to suffer and starve. The international community would be committing a serious wrong if it did so. So it must find a way of helping those people.

Will the presidential election in Algeria enable that country to emerge from chaos?

Let's wait and see. I hope the election will put an end to the violence.

Is it wise to make economic aid conditional on political reform?

The establishment of that kind of link can sometimes be a mistake, as aid is aimed at helping the population and financing projects, so they can find jobs in their own country. France has traditionally maintained very good relations with Algeria. It can't drop everything in these difficult times.

(November 17)

France can't keep rejecting its Muslim community

Henri Tinoq

ONE OF the four key priorities facing Alain Juppé's new government is that of urban integration. The life and death of Khaled Kelkal, a young man of North African origin who had done well at a state school, then found an outlet for his frustration in Islam, before turning to delinquency and terrorism — he was gunned down by police near Lyon on September 29 — illustrated almost to the point of caricature the ineffectiveness of France's model of integration, which focuses on the individual.

In an interview recorded before his death, Kelkal wondered how there could be talk of integration, when everything was being done to make French culture "disintegrate". It may have been a simplistic and shocking accusation, but it must be ringing in the ears of Jean-Claude Gaudin, mayor of tension-ridden Marseille, and now minister in charge of integration.

In the 19th century, post-revolutionary France was remarkably successful at integrating its minorities — chiefly Jewish and Protestant — through its education system and social practice, and virtually drew a veil over the religious dimension.

The republican principles of the years 1880-1905 went further and relegated religion to the sphere of

people's private lives. It was a generous form of secularism: by deciding not to give any particular religion special treatment, the state put none of them at a disadvantage. This model of separation has survived a series of crises, particularly in education, for almost 100 years. Not unnaturally it was assumed it could deal with the question of Muslim immigrants.

This assumption was wrong in three ways. First, the specific nature of Islam was overlooked. Second, it was surprising for a country that has produced a long line of distinguished Orientalists. Muslims identify first and foremost with the community. And while the Islamic notion of brotherhood is not incompatible with French citizenship, it has an uneasy relationship with a system based on individual integration and the private expression of religious faith.

France is not *darel-islam* — a land of Islam — but *darel-ahd* — a land of contract. That means that Muslims living on French soil want to see their rights respected collectively. Although France integrates Muslims, as countless examples show, it has never integrated Islam, which continues to be perceived as a temporary and foreign phenomenon.

Second, there was a failure to detect the rising influence of a

specifically religious Islam, although it was clearly present in writings during the eighties about the return of the sacred and the "revenge" of God. It was long believed that Islam would peter out as the first generation of immigrants became assimilated.

Yet what do we find today? Young *bentottes* — second-generation women immigrants — in miniskirts reciting their five daily prayers and respecting Ramadan. That does not mean they are *bentottes*. Those who demand proper mosques, a *halal* diet in canteens or the right to wear Islamic headscarves have broken away from the assimilated generation of their parents and no longer see cultural and political integration as a goal to be pursued.

Non-religious associations, such as the anti-racist SOS-Racisme and France-Plus, have realised which way the wind is blowing and now work hand in hand with the Paris Mosque and the Union of Islamic Organisations.

The third mistake was to overlook the effect of external events. In France the Muslim community has been the first to suffer from the acts of fundamentalist terrorists in Egypt and Algeria, because it has been lumped, together with them, by parties seeking to make political capital.

But instead of doing everything it could to shield the French Muslim community from foreign propaganda, the government preferred — in the name of non-interventionist secularism — to ignore the fact that mosques in France were receiving subsidies from Saudi Arabia, Morocco and Algeria, or that the Gulf states were going to fund France's first Islamic "university".

The recent wave of bomb attacks can only encourage the government to Islam in a manner sometimes reminiscent of a police state. But the fundamental issue of integration has not been properly addressed.

None of several proposals calling for greater transparency and for the public financing of Islam (notably as regards the training of imams and other officials) in France, even if only on a limited scale, has been put into effect.

Jacques Berque's plan to create Franco-Arab *lycées* fell by the wayside. A similar fate awaited both the Marchand report, which advocated bank loans guaranteed by city councils to help build mosques, and a proposal that an Islamic faculty be opened in Strasbourg and funded by the state, an advantage already enjoyed by both the Catholic and Protestant faculties in the city.

Taking advantage of the vacuum caused by the absence of any official representation of the Muslim community, militants have started intensive campaigns to "re-Islamise" young Muslims in the suburbs. They have encouraged a withdrawal from society into religion, the formation of enclaves, and a system of self-management that is easily infiltrated by extremists.

Associations that combat drugs and delinquency and provide educational support on housing estates now find they are less trusted than before.

Given that a policy of individual integration has failed, should a system of the kind found in Britain, where the Muslim community is in charge of its own organisation, own private schools, and has its own employment agencies within the framework of the mosque?

That system of separate development is foreign to the whole French tradition of integration over the past 200 years, and in any case provides no protection against fundamentalist fury, as we saw in the Salman Rushdie case.

A form of integration could still be devised in France which would provide a better guarantee that Islam would be treated exactly like other religions. It would have the effect of ruling out not only complete assimilation, but also British-style community-orientated integration, which tends to produce ghettos.

(November 10)

Turkey woos the European parliament

As Euro-MPs decide for or against a customs union with Ankara, Daniel Vernet asks if reforms will hold

AFTER THE recent release by the Turkish authorities of 85 people imprisoned for their political opinions, the state security court also acquitted a Reuters journalist, Aliza Marcus. She had been on trial for "incitement to hatred" because of an article she had written about the Turkish army and its treatment of Kurdish separatists.

Gestures like these are intended to signal to the European Union that Turkey takes the human rights issue seriously. But will they be enough to convince Euro-MPs in Strasbourg to ratify the customs union with Turkey, as they were urged to do by Hans Van den Broek, the European foreign policy commissioner, on November 9?

Turkey's prime minister, Tansu Ciller, has certainly shown willing: she has reformed the 1982 constitution, and she has amended the notorious Article 8 of the anti-terrorism Act which allows people to be jailed for "crimes of thought". But she has also warned that a rejection of the customs union by Euro-MPs

would add grist to the Islamist mill. The Islamist Welfare Party hopes that the general election, which is due to be held on December 24 unless the Constitutional Court decides otherwise, will confirm its gains at the last municipal elections.

Turkish liberals feel that Ciller's linking of the customs union issue with the prospects of Islamic fundamentalism in Turkey was hamfisted. On top of the fact that it might be interpreted by Euro-MPs as tantamount to blackmail, it implied that a rapprochement with Europe was the best way of fighting fundamentalism.

That is far from certain, at least in the short term. The customs union will mean saying goodbye to the \$1.5 billion of duty which Turkey levies on imports from the EU, whereas there are few EU barriers to the import of Turkish goods (apart from textiles, which are subject to generous quotas).

The customs union will subject the Turkish economy to structural adjustments which will hurt and whose positive effects will only be felt in the long term. The funda-

mentalists will find it easy, initially, to make political capital out of the discontent arising out of such restructuring, which is indispensable to the modernisation of the Turkish economy.

Without being over-optimistic, we may assume that the customs union will be useful not only to Ankara, because it will help Turkey move closer to Europe, but also to the EU, which can thus assert its interests in the region.

Turkey is already its tenth-largest trading partner. It has historical, linguistic and, now, economic links with the former Soviet republics of Central Asia. Its support for the Allies during the Gulf war played a crucial role. It is the least religious and, relatively speaking, the most democratic country in the Muslim world.

These considerations should weigh in the balance when the European parliament takes its decision, particularly as the customs union treaty, which grew out of pledges made 25 years ago, has been approved by all 15 EU members — including Greece.

Despite ongoing squabbles between the two countries, the Greek government has realised that an unstable Turkey would cause even

more problems than it faces now.

The role played by the military in Turkish political life remains a hindrance to the normalisation of relations between the EU and Turkey. The army is engaged in a war against the separatist Kurdistan Workers' Party (PKK); it presents itself as the guardian of Kemal Atatürk's heritage; and it does everything in its power to slow down the process of democratisation by exploiting the country's conservative forces.

For all these reasons, Turkey's military leaders have reduced the government's room for manoeuvre. But they are aware they have allowed themselves to get bogged down in repressive action against the PKK in Kurdistan, where the army's morale is flagging and its prestige is badly dented.

In her latest government declaration Ciller repeated her promise to solve the problem of the Kurds through "democracy and prosperity". But her transitional government is too weak to attempt a political solution.

The European parliament is right not to ease its pressure in favour of human rights. Arm-twisting by the EU has already enabled progress to be made, though it was not insisted

enough to get Article 8 of the anti-terrorism Act completely scrapped, as had been promised by the social democrats, Ciller's new — as well as erstwhile — partners in government. But amendments to the Act adopted on October 27 resulted in the release of 85 prisoners.

Other prisoners will probably also be released, among them some of the 170-odd detainees sentenced under the provisions of Article 8 for having expressed non-conformist views about the Kurdish problem.

Two of the six Kurdish members of parliament who had been sentenced for incitement to separatism were freed by the Turkish court of appeal last month. The four others have taken their case to the European Court of Human Rights. The Turkish government has pledged to respect the ruling of that court.

Pauline Green, president of the Socialist group in the European parliament, has now the least stated that she is "bitterly disappointed" and deplores the fact that the Ankara government has acted so timidly.

But quite apart from any strategic considerations, Euro-MPs must be asking themselves, as they vote for or against a customs union with Turkey, which attitude is most likely to influence the course of events positively and help Turkey's intellectual and economic elite to get the better of conservative forces.

(November 11)

An altar of words to the dead

A young 'Siberian' author has achieved the rare distinction of winning two of France's top literary prizes in the same year, writes Hector Bianciotti

IT IS only now that we know that Andrei Makine's first two books, *La Fille d'un Héros Soviétique* (Laffont) and *Confession d'un Porte-Drapeau Déchu* (Belin), which purported to be translations from the Russian, were in fact written by him directly in French.

After the manuscripts of those novels had been turned down by several publishers, Makine adopted the unusual ploy of pretending that he had written them in Russian and then had them translated into French by one Albert Lemonnier (named after his great-grandmother on his mother's side, Albertine Lemonnier).

It was only in 1994 that Makine — who was born in Siberia in 1957, took a doctorate in literature at Moscow University, worked as a teacher in Novgorod, and has taught Russian in France for the past eight years — was able, with *Au Temps du Fleuve Amour* (Editions du Relin), to "come out" as a French writer.

Makine owns up to all this, *en passant*, in his latest book, *Le Testament Français* (Mercure de France). It could hardly have been otherwise in what is the most autobiographical novel he has so far produced, though he also delved into his rich reservoir of "Siberian" experiences in his earlier books.

The plot of *Le Testament Français* is not complicated. It charts the development of a boy who is born in Russia, and who, when still almost in the cradle, dreams of France as though it were some Atlantis, because the first children's stories he



Double honours... Andrei Makine, successfully transplanted from Russia to France, has won both the Prix Goncourt and the Prix Médicis for *Le Testament Français*

PHOTOGRAPH: LAURE VASCONI

hears are told to him by Albertine Lemonnier's daughter, his grandmother Charlotte, in the language that is to become what he calls his "grandmother tongue": French.

There are times when one writes only for the dead, or rather for one's own dead, so as to erect an altar of words in their memory. This is what Makine sets out to do.

He describes how his great-grandparents left their home in the uppercrust Paris suburb of Neuilly in 1900, four years after Tsar Nicholas II and his wife had come on a state visit to the French capital. They ended up settling in Siberia, where Charlotte was born in 1903.

For the narrator, the great-grandparents and indeed the grandfather are no more than images bequeathed by his early childhood. Of his own mother — to be more precise than that would give away too

much — he possesses only one photograph. His grandmother Charlotte, on the other hand, a cultured woman who longs for the city boulevards lined with horse-chestnut trees and bright cafés, and who is always quick to quote a little French poem to illustrate this or that event or memory, or to soothe the grief felt by the little boy and his sister, is someone of whom Makine has a very clear picture, someone he misses.

He portrays her braving the intensity of the country in which she stayed behind — "its receding space in which days and years sink away". As she sits next to the samovar or is surrounded by "samovars" (the name given to those who lost an arm or a leg in the war), she suddenly seems a very unlitigious figure as she remembers the mass graves, the famine of the early twen-

ties, and the wretches who were forced to become cannibals. Makine, who possesses great emotive power and a freedom which only a sense of poetry grants the writer, is by no means obsessed by the idea of achieving perfection. The narrative seems to be ambling along and the writer apparently concentrating on stringing together the sentences of that narrative, when all of a sudden one realises that the thought now being expressed is the fruit of all those other thoughts that came to him while, after leaving us *the 4-4* with his characters, he watched the snow fall and the embers die in the hearth.

Then everything slots into place. The various stories scattered here and there echo each other. They appear in the narrative with the same suddenness and spontaneity as they do in ancient literature, when storytelling was a natural human activity. And we somehow become convinced that it is the melancholy and passionate Russian soul itself which has become the narrator.

At the same time the linguistic adventure experienced by Makine remains important: it acts as a kind of basso continuo to his narrative. First the child seizes on every word of his "grandmother tongue"; then he begins to read; and soon he understands that he is seeing Russia through the prism of the French language, that he is gazing at the steppes through the eyes of a foreigner.

Later on, France offers him "a fabulous multiplicity of feelings, attitudes, viewpoints and ways of speaking, creating and loving", as well as a very ordered existence, despite the occasional oddity — when he pronounces the word "tsar" the Russian way, he imagines a cruel tyrant standing before him, whereas the word "tsar" in French "brims with light, noise, wind, the glitter of chandeliers, the flash of bare female shoulders, mingled perfumes..."

When he is at high school, on the other hand, he suffers from being torn between two cultures. He envies his friends' ability to look at life with an undivided gaze, whereas for

him the French language has split reality in two. "If, when my parents died, I sometimes wept, it was because I felt Russian, and because at times the French transplant in my heart began to hurt me a great deal."

Today, after writing four books in the language of Albertine and Charlotte, Makine seems to have come to terms with himself: "Curiously — or rather quite logically — it is at times like that, when I find myself caught between two languages, that I think I can see and feel more intensely than ever."

Maybe he has realised that you can never truly emerge from the land of childhood — especially when, as a child, you could find no lines of demarcation in a boundless landscape — and that the wearying obsession with "identity" that afflicts so many people does not necessarily have anything to do with one's so-called mother tongue, any more than it does with one's place of birth. The young André Gide pointed out to Maurice Barrès, referring to his novel *Les Dernières*, that nurserymen indicate in their catalogues the number of "uprootings" to which they have subjected their plants.

When Remy de Gourmont, in *Promenades Littéraires*, joined in the debate — along with Charles Maurras, as one would expect — he suggested that someone who has suffered from having moved to a different milieu should be described as "uprooted", while the word "transplant" was more suitable for someone who is reinvigorated by the process, in the same way that trees are.

With his mastery *Le Testament Français*, Makine has become a transplant who, in the best tradition of Vladimir Nabokov and E. M. Cioran, gives literary validity to a word more usually employed by gardeners.

Hector Bianciotti is a Paris-based Argentine writer who started by writing his novels in Spanish, but since 1986 has written them in French

(October 6)

RWANDA

SCF began working in Rwanda following the genocide in 1994. The current programme focuses on developing and implementing family tracing projects and a national training programme; training local health workers and developing the capacity of local health authorities. In this short time SCF has been appointed the lead agency by the new Rwandan government dealing with family tracing and reunification, and child welfare policy development.

PROJECT COORDINATOR

Based in Gikongoro you will coordinate the national programme activities in the south-west, to ensure preparedness for repatriation of Rwandan refugees from surrounding countries and the tracing programme with activities at both regional and national level. You will act as the representative for SCF in the south-west when working with the government, aid agencies and the community encouraging networking and participation, and manage the regional office.

You will have at least two years international relief/development work experience, preferably with a child focus, demonstrating skills and experience in staff management; administration; financial and logistics management; diplomatic and negotiating skills; computer literacy; and good written and spoken English and French.

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'There's only one Ken Saro-Wiwa'

John Vidal discovers why Ken Wiwa wants to escape his father's legacy and regain his innocence

HELL may be a private audience with Boo-Boo. Strings must be pulled taut, obelisks made, precise words dropped in certain ears by manipulative people. Any meeting with the UN secretary-general must be held in the knowledge that protocol is all, that the agenda is pre-set, the words are pre-chosen and the replies will, at best, be non-committal.

But here, on the sixth floor of the European parliament in Strasbourg, Ken Saro-Wiwa junior stands outside Room 616 waiting for Boutros Boutros-Ghali. With him are Glenys Kinnock, Body Shop executives, a Nigerian professor and assorted European MPs. Waiting downstairs are more MEPs, a European Union commissioner, the mayor of Strasbourg, representatives of two radio stations and Reuters. Saro-Wiwa has done the Nick Ross show from the airport. Next it's the World Service.

Six ear-wired, gun-packed UN security guards, four more from the parliament, several TV camera crews, snappers and a sorrowful, hooded man in tails and white tie fidget and chatter. Saro-Wiwa leans against the wall.

He looks young, alone and askance at events, stunned as much by the political forces that have been unleashed by his father's death as by the enormity of global concern. He is grieving, yet deeply aware there has been no time to mourn his father, nor come to terms with this most public of deaths. The twin strains of family tragedy and being the centre of public attention show.

A small, shrivelled, anonymous man approaches. Boutros-Ghali holds out his hand. Arc lights flash and the security guards snap right. Another important door opens for the Ogoni — and Ken, now composed and focused, gets 10 minutes to plead his father's case for the Ogoni, for human rights, for the world to step in to pull down the Abacha regime.

"This is a nightmare," he says. "The whole thing is maximum manipulation. I have to play their game for now. It's regrettable."

To die for a cause, as Ken senior did for the Ogoni people, has a heroic ring. But to bear, as Ken junior must, the name of a man around whom the myths are already growing, and be expected to take on the martyr's mantle is heavy. And to fight day in and out for your father's life, to give up in effect your own life for a father who, almost until his death, has dominated you and whom you have opposed at every turn, has a mythic, biblical ring.

Since Ken senior was arrested in 1993 for involvement in the murder of four Ogoni chiefs, his son, who is 26, has travelled the world spreading his father's word about the Ogoni, Shell and Nigerian human rights abuses. It's been work 24 hours a day: America one week; Austria, Germany, France the next; an endless round of politicians, ambassadors, high commissioners, journalists, awards and dinners.

Mostly it's been duty, what any son would do for a father; sometimes it's been surreal. Recently he was in Washington lobbying Bruce



Ken Wiwa... 'Father said that I would not inherit his enemies. I am not my father, it's not my cause'

Babbit, US under-secretary of state for foreign affairs. Someone called Ebel had left a message for him to call.

"Who's this crazy woman who's left a message with the secretary of state? I thought I rang her and she invited me for dinner. But excuse me," I said, "who are you?" She said "Beth Kennedy". Oh my God, I thought, you're Bobby's widow. And all through the meal, I was thinking this is great, but what will I tell them in the Duke of Head Putney? He still hasn't told them.

He knows he failed to save his father's life and that hurts; but in his death may have come his son's own deliverance and success. The name Saro-Wiwa is now global currency, to be spent by writers, environmentalists, human rights workers, justice officials and politicians as they will. One of the world's largest companies is on the rack, the Ogoni are on the map and the international ramifications are still unfolding. "It's what my father would have wanted," he says.

In another sense, though, Ken has made his father's name. Saro-Wiwa was a good, if second-division politician, a fine writer, broadcaster, a successful trader of foods and foreign exchange dealer.

Only when he turned his energies to fighting Shell and the Nigerian government did he play the larger stage — and he might have remained all but unknown outside Nigeria but for his son's efforts to save him.

There is dreadful irony here. For years, Ken junior has longed only to be himself, to make his own name and to break away from a dominating, remote father who invaded every aspect of his life.

The father-son relationship was complex and difficult from the start. The family lived between Port Harcourt and London, and Ken hardly saw him: "He was never around, always travelling and doing things." It didn't seem to matter, then. General Abacha's family lived close by, Ken — or "Junior" — was always called until his father took him aside and told him that his name was Ken — would play with the future dictator's children, fishing together in one of the tributaries of the Niger. "It was idyllic. Everything was in abundance. We were oblivious to politics. I remember Abacha coming to the house. He was the quiet one."

"Father was driven. His energy amazed me. You'd be talking to him until two in the morning. You would be yawning and he'd be banging on. Next morning, there he was chugging at his pipe, already having written an article. He was the same type as Maxwell."

Father and son were both called Kenule because both were born in war. His full name, Kenule Bornale Tsaro-Wiwa, literally means "where there is strife — there is no fear — first son of Wiwa". "But he named me Ken. He wanted me to be in his image. He wanted me to emulate him. He always had the idea that he would pass his struggle on to me. He always had strong opinions about what I should do. I always rebelled. He was trying to mould me into something. He put me in a straitjacket. I was trying not to fit."

Ken tried to give the impression he wasn't interested in his father's work in Ogoniland but secretly he read his books. He took on his father's role, too, practically acting as father for his younger twin sisters and brother. Meanwhile, he was

sent to Tonbridge where he excelled as a cricketer and rugby player. He scored centuries and wanted to turn pro. His father hated the idea. Ken wanted to be a sports journalist but his father disapproved strongly. The Guardian gave him a bursary to study journalism. His father was pleased. But then his father was sent to prison and Ken's life went on hold.

It was a crunch point. His younger brother — the spitting image mentally and physically of his father — had died the previous year at Eton and the family had been deeply affected. Now, just as they were recovering, the father was in prison.

Under mounting pressure from him, via letters smuggled out, slowly and reluctantly at first, Ken junior was sucked away from the normal life he was trying to establish and found himself, once again, on his father's worthy back.

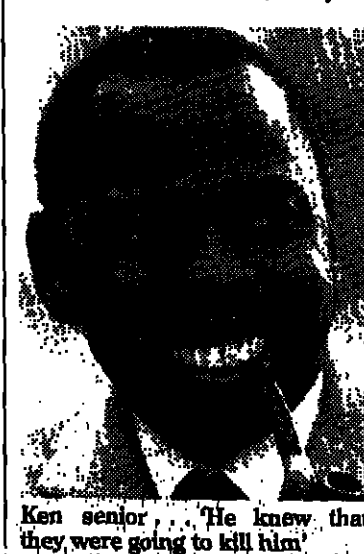
"It was always a battle to establish myself. I never wanted to use his contacts. It would have been to negate myself. I had to be an individual... but then when he went to prison I had to tear up the script. In the end, I alone decided to campaign for him. It was my decision."

The psychological quid pro quo was that he changed his name, dropping the "Saro". He wrote to his father, pointedly signing himself short. His father was furious, saying no one would ever know the name Saro-Wiwa. Ken continued. It was defiance, he says, "it was only when he was in prison that it dawned on him that I was my own person." And as Ken senior gradually let go, so the relationship changed.

"He would write to me, asking for books. I found it astonishing because it was always he who had forced books on me. Now he was asking what books he should read. He became a real reader. We could talk man to man. It gave me the confidence to do things for him. But even at the end, he would write saying I must work harder at the Ogoni campaign. I'd say, 'Come on old man, shut up.' But it was as a man."

But while the world hails his father's name, Ken plays it down. "Father is not a saint even if people want him to be. But he did die for his principles and no one can forget that. Here is a guy who could have had a comfortable life anywhere in the world, yet he chose to go to the most dangerous place."

"He knew the regime. He knew them personally and he knew that they were going to kill him. I think he knew that the best thing that he could do was to die as a martyr. I



Ken senior... 'He knew that they were going to kill him'

thought it was bravado, but having read his letters to me again, I can see that it was more. He was prepared to die.

"He dedicated himself to the cause. Once he had done that, he just went for it. It's eerie, but in death he achieved everything that was possible for the Ogoni. Now I'll never get away from him."

But he must. The world, he says, wants pieces of him and his personal tragedy, but he refuses to be the only spokesman for the Ogoni, and says that no one should assume that as one Ken Saro-Wiwa dies another one has come along. "Father said that I would not inherit his enemies. I am not my father, it's not my cause. It will run and run but nothing I say will change anything. This is the final act."

He recognises he may be linked for ever with his father's cause, but it's not his in the same way. There are lessons to be learned from the tragedy, by everyone from Shell to the international community, he says, but he does not think that he should be the one to teach them. "Everyone has seen what happens when people do not act."

"The consensus is that the only thing that will work is an oil embargo. I'm not keen to march to the top of the hill. All I have done is try to save my father's life. I'm just my father's son, not a spokesman for anyone. There's only one Ken Saro-Wiwa and it's not me."

"There are plenty of capable, talented people who fight for Nigeria better than I could," he says. "We must listen to them." While deeply informed, he does not see himself as an authority on Nigerian politics.

MANY negative things are coming out about his father now, he says. "His name is being trashed and there are people asking me why I don't relate them. It's sad because they could have said them while he was alive. I'll make no comment. History will decide what contribution he made to Nigeria."

In the parallel world, there is a distraught family, sprawled across several continents, to comfort, and his own grieving yet to come. He hasn't been able to speak to his half-sisters or anyone in Nigeria. Part of the family is split by the events, which he deeply regrets. He can't talk to them now but hopes they will not bear grudges. His father's complex finances must be sorted out and all the responsibilities of an eldest son must be addressed. And soon he plans to marry his fiancée, Olivia.

But not yet. Out in the corridor, political positions are shifting by the minute. Shell is holding press briefings, and trying to mount a massive damage limitation exercise. Powerful people want Ken to say this or do that. He's being quoted, he's being approached by Hollywood agents talking of Oliver Stone, and shady characters are coming out of the woodwork. He has the tabloids on his back. He's left with his father's political baggage. "I find it all so cringing," he laughs. "I want them all off my back. I just want my innocence back."

The man from The Body Shop, which has been shielding Ken and, he says, has been "brilliant" — tells him the meeting with Boutros-Ghali went well. Ken, he says, was "strong", "pointed", "powerful". Ken nods. He gets in the car and crumples. Back in Glenys Kinnock's office he falls asleep in 10 minutes.

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History's junk... An engraving from circa 1840 shows an important salt and pearl centre

China rewrites the history of Hong Kong

Andrew Higgins

AS CHINA'S shadow looms larger by the day, eclipsing emblems great and small of British rule, plans are afoot in Hong Kong to dig up what is perhaps the most stubborn of colonial conceits.

A two-year archaeological survey of more than 150 ancient sites aims to uproot once and for all a myth conceived by Lord Palmerston in 1841 when he pronounced Britain's new possession "a barren island with hardly a house upon it".

The view of Hong Kong as desolate wasteland when the Union flag first went up has coloured the colony ever since, fixing the arrival of British gunships as history's starting point in school textbooks, government reports and tourist guides.

But with Britain about to pull out, Hong Kong needs a new version of history. "The British pretend they created Hong Kong's prosperity

from scratch. They say it is all their own work," says Au Ka-lai, a mainland-trained archaeologist involved in planning the new survey. He cites Hong Kong's pre-colonial role as an important salt producer for southern China, a centre for pearls and the territory's position along what was an important trade route long before Europeans arrived.

Archaeologists have been digging in Hong Kong since the 1930s, uncovering neolithic settlements, a Han dynasty grave and much other evidence of a history stretching back 6,000 years before Lord Palmerston's declaration.

Arguments over long buried pots and bones are part of a wider struggle over Hong Kong's identity. In the 1950s the colony's education department purged teachers suspected of pro-China sympathies and revised textbooks to delete what was seen as the subversive theme of Chinese nationalism.

In need of urgent revision, says

Wang Fengchao, a senior official at the Hong Kong and Macao Affairs Office, are subjects such as the Opium War, which some Hong Kong school texts still refer to coyly as the First Anglo-Chinese War.

The colony's Curriculum Development Institute has begun revising history textbooks and syllabuses to place more emphasis on Hong Kong's past within China and, say critics, to delete detailed discussion of the 1989 Tiananmen Square student movement and other sensitive topics.

Reviving the past, however, could confound rather than comfort Hong Kong's new masters in Beijing. Many of the richest archaeological finds in the territory date from the neolithic period — long before China's emperors extended their authority to what is now Hong Kong. Around 400 BC, just as the first Chinese settlers began to arrive from the north, what had been a flourishing culture mysteriously died out.

Letter from Tanzania Ann Gilchrist

A cottage industry

I AM continually surprised, living on my own in a small two-bedroom bungalow in a town on the edge of the East African bush, with no electricity or running water, to find that I have become a major employer of domestic labour.

The star of the workforce Chez Gilchrist is undoubtedly Mzee Mathew, the night watchman. He gives me the undeserved loyalty of an old family retainer — this in return for the local wage of £15 per month and a mug of sugary tea and a piece of bread and Blue-Band every evening at 10. In a country where the average age of death is 45, Mzee Mathew must constitute some sort of record, though I have no idea what his true age is. He probably doesn't arrive. Elderly and leathery, he arrives at dusk on an ancient bicycle, clutching his badge of office, a heavy stick. Shrouded in layers of clothing topped by a woolly hat, he settles down to snooze outside the front door, rising only to chase children from my cornucopia of a rubbish pit. They are enthusiastic recyclers of almost everything I throw out, putting paid to my belief that I lead a simple life.

I will remain forever indebted to Mzee Mathew as he once killed a long, thin green snake as it slithered across the front step into the house. He got a bonus that month. When I blow out my hurricane lamp he retires to the headquaters.

he has established in a wattle and daub but outside my bedroom window. Originally intended to keep cattle from straying at night, he has refurbished it in style. The grass roof is reinforced with a large piece of red plastic I had earmarked as a tablecloth and the earth floor covered in heavy-duty canvas, stencilled "US AID". We do not share a language, but the sound of his gentle snoring throughout the night is unexpectedly reassuring.

MAMA PAMBA comes three mornings a week. She sweeps the yard, cleans dishes and cooks ingenious meals on a kerosene stove. She also scrubs the floors and my clothes with equal ferocity. So far, the floors have withstood the bristles and coarse yellow soap better than my clothes. These are sparingly clean but tend to disintegrate more quickly after her zealous washing and smoothing with a flat iron.

She keeps me abreast of local gossip and her mimed version of a neighbour's marital difficulties would shine on a professional stage. She tells me when I have been overcharged and once killed a rat that ran across the kitchen floor by stamping on it with her bare foot.

Her son, Sita, works in the garden when he needs money for school fees. A dazzling selection of T-shirts proclaim variously that he

is a graduate of Oxford University. "Proud to be Polish", and a supporter of Glasgow Rangers; for this is where all those clothes the developed world gives to charity shops end up — on the second-hand stalls in the markets of small towns like this one.

I shop there myself, buying what I could have easily discarded in Britain. I am particularly fond of one T-shirt in a shade of heliotrope which says "Happy Fortieth Birthday Judy" across the back. Of course, I'm not Judy and it is nearly a decade since I was 40, but I like the colour — not for nothing have my friends referred to me in my "menopausal mauve" period.

Sita occasionally has help from two young women who dig uncomplainingly. Each woman has a baby on her back in a vivid shawl. I am not sure if the cassava and sweet potatoes they have planted are theirs or mine, but the warring lines of growth make a pleasing pattern, and they certainly deserve the results of their hard work. When they are around, Sita assumes a supervisory role, directing operations from Mzee Mathew's chair and practising his English on me.

As a result of being an employer I have also evolved into a one-woman revolving loan scheme. This, coupled with the wages I pay, saves my conscience slightly for the good luck of my own opportunities, but I know it is only a sticking plaster in a place where poverty is endemic and to have a job, even with me, is considered fortunate.

Notes & Queries Joseph Harker

THE OZONE layer has been damaged by chemical pollution arising from the Earth. Is it not possible to manufacture ozone to repair the damage?

OZONE can be produced at low temperatures and pressures by passing an electrical discharge through pure oxygen or by irradiation with short-wavelength ultraviolet light (as in the upper stratosphere). It is also produced indirectly by the nitrous oxides generated by internal combustion engines. Getting the ozone into the stratosphere is, however, a problem. Ozone can be separated from oxygen by distillation but it readily decomposes back to oxygen and reacts with any oxidisable substance. It is extremely toxic and a serious atmosphere pollutant at ground level, where it is one of the main components of photochemical smog.

But the ozone layer's decay has many causes which, apart from CFCs, include the exhausts of rockets and high altitude supersonic planes, naturally occurring nitrous oxides and increased solar activity. The real problem is that, while CFCs are practically inert at low altitudes, the UV light in the stratosphere causes chlorine atoms to break off. These then catalyse the breakdown of ozone. One chlorine atom may, perhaps indefinitely, break down many ozone molecules. The question is: how do we remove the CFCs from the atmosphere? — Dennis Hucker, Auckland, New Zealand

HAS anyone from the winning side ever been found guilty of war crimes? If not, does it prove might is right?

SHORTLY before the imperial forces finally won the Boer War, Australian cavalryman and poet Breaker Morant was executed by a British firing squad for the killing of Boer prisoners, even though Field Marshal Kitchener had ordered Morant's cavalry commando to "take no prisoners". A biographer suggests the execution was ordered by Colonial Secretary Joseph Chamberlain to appease the German

kaiser, who was threatening to enter the war on the Boer side. — John Poynton, Apta, Western Samoa

IN THE early fifties we were taught that Mount Godwin-Austen was the second highest mountain in the world. When did K2 appear?

K2's local names include Chogori, Dapsang, Shirmang, Chiming, Laufafahad and Lamba Pahar, all mentioned by Andrew Kaufman and William Putnam in their book, K2: The 1939 Tragedy. Unsuccessfully proposed foreign appellations include Prince Albert and Mont-gomerie — after Lieut T G Mont-gomerie, leader of the 1856 survey and unimaginative name of K2. — Kevin Linder, Toronto, Canada

WHY does my stubble grow faster when I travel by plane?

BECAUSE of the time difference. — Fran Schindler, Frankfurt

Any answers?

WHEN I die, I do not want any memorial or final resting place. I also don't want to burden my dependants with the unnecessary expense of a funeral. What is the cheapest, legal, way to dispose of a human body in England? — Bernard Stone, Worthing, Sussex

WHAT is the background to the term "Chinese burn"? — Glenn Coster, Christchurch, New Zealand

WHY was the Black Prince so called? I read that he did not wear black armour. Could he have been a black man? — Martin Kirby, London

Answers should be e-mailed to weekly@guardian.co.uk, faxed to (44)171-242-0985, or posted to The Guardian Weekly, 75 Farringdon Road, London EC1M 3HQ

A Country Diary

Stephan Larason

GULF ISLANDS, British Columbia: We left Bedford Harbour on Pender Island in the mid-morning for the 12-mile trip back to our marina on Vancouver Island. There was a fine northeasterly breeze and we sailed out on a broad reach looking forward to a fine sail home.

But as we entered Boundary Passage between the Canadian and American Islands, the breeze died and we had to start the engine. Within minutes, the boat was surrounded by Pacific white-sided dolphins which raced beside the boat from stern to bow, blowing then sounding. In the distance, we could see pods playing with other boats.

As we approached Coal Island just three miles from home, we saw three bald eagles climbing in a thermal over the island. But, because of the concentration needed to thread the tide-rips between Coal Island

and Little Group, it took me a few minutes to realise that there was a group of sea kayakers milling around in a little bay off to starboard.

Then I saw the grey, floating mist of a 30ft grey whale blow in among them. He was lazily patrolling the bay, his great back rising out of the water, then submerging with a blow. A pattern was clear: a humped back appearing, a blow as it submerged again, the whole repeated four times, with a higher arch and bigger blow each time, until the final enormous blow and a flash of the flukes as the whale surfaced. There was silence for a few minutes, the whale's last position marked by a curious "footprint" in the water, and then the sequence would be repeated. He showed no fear and swam to within 10 yards of the boat until we could see his dark grey back crusted with huge barnacles and small whale lice.

After some time, we left the whale to its bay and continued home, to put the boat and ourselves to bed, and contemplate going back to work in the morning.

Streetwise and full of hate

CINEMA
Derek Malcolm

SOME MOVIES become events rather than art or entertainment. *La Haine* (Hate) is one of them. This story of 24 hours in the lives of three young, unemployed youths from a suburban housing estate near Paris has hit France like a brick through a window. Its effect has been such that the prime minister has forced his entire cabinet to watch it. Yet it's filmed in black and white, is cast with unknown actors and has no music on the soundtrack.

Awarded Europe's Felix for the Best Young Film at Berlin, giving it another gong to go with the Best Director prize it won at Cannes, Mathieu Kassovitz's film arrives trailing not a little artistic glory too.

It is certainly a stunning provocation, being deliberately hard-edged and lacking in orthodox cinematic guile — Kassovitz's attack on the methods of the French police means business, but is not prepared to pander overmuch to its audiences. Like the forthcoming *Kids*, an American variant that caused even greater controversy at Cannes, it isn't for the faint-hearted either.

La Haine starts off schematically, with a documentary montage of clashes between riot police and protesters, before introducing us to the experiences of its three main characters. One is a black boy training to be a boxer, another is a Jew raging against a hopeless fate in a latter-day ghetto and a third is their Arab go-between. The three survive on petty crime and dope dealing.

The day in question is made blacker than usual by the fact that a friend has been beaten into a coma by the police. The estate erupts, and so do they. Almost inevitably, tragedy ensues when revenge is contemplated against the brutal forces of law and order.

The strength of the film is that it neither glamorises nor patronises its characters. They hate their life because it's boring, and they despise the society that's created it for them, together with parks, football fields and a few mod cons with which to comfort them. In particular, they hate the police, who hate them right back. The film's other major achievement is to show in a tangible and very expressive way how a cycle of distrust and anger is created on both sides of this awful divide, so that there is very little anyone can do about it.

The film, shot with rough urgency, is not without humour or the feeling that there is good and bad on both sides. But it emphasises the yawning gap between those people who can move, hopefully upwards and out of this environment, and those who simply have to make do with what they've got. What's most frightening, though, is the palpable sense that things can only get worse.

All the performances are excellent, moored as they are in a location that seems to dictate rather than imitate reality.

One has to say that the bald subtitles don't help, pushing what sounds like very authentic dialogue into something more like cliché. But *La Haine* still holds on to its authenticity, right down to the young men's visit to central Paris — they are gormless enough not to know how to get home.

In fact, there's a strong sense that they know little or nothing of ordinary life. They simply live on the streets and watch it pass by; the culminating tragedy occurs simply because, streetwise as they are, they don't take elementary precautions where the police are concerned.

If *La Haine* has some of the structural faults you might expect from a young director, it also has most of

the virtues of a highly talented one. It is hugely energetic, totally convinced of the rightness of its case and pretty angry about everything. It can't possibly be ignored, since it is not about France alone, but about urban and suburban problems almost everywhere in the West.

Jonathan Romney adds: One of William Gibson's science fiction novels features a computer, deep in space, that spends all its time constructing art objects out of discarded bric-a-brac, to be puzzled over by collectors back on Earth. The films of animators the Brothers Quay are rather like that. Fragments of obscure, savage drama, in which puppets combat puppets in strange hermetic worlds, they seem to have been constructed by an entirely alien hand.

BUT THE Quays are less Martian than European by affinity, and their work is steeped in the spirit of surrealism and the 19th century romanticism of writers like Robert Walser — whose novel *Jakob Von Gunten* — inspired their new film *Institute Benjamin* — and Kafka.

Here the Quays take their first tentative step into the human world. It's their first full-length feature, and the first time that their lead actors have been human, rather than their usual homunculi formed of fishbone and clocksprings.

The world of *Institute Benjamin* is recognisably human, but only just. The film is set in a run-down academy for domestic servants, ostensibly run with Prussian discipline, but in fact a place where deadening protocol only just holds at bay the chaos suggested by the wintry landscape outside.

Into this closed universe, run by Herr Benjamenta and his frail fairy-princess sister Lisa (Alice Krige), comes Jakob (Mark Rylance), a young man who can't wait to transform himself into a servile zero.

Like all the Quays' films, this is above all a study in atmosphere and the vagaries of perception. Light and dark are really the main characters, with Nic Knowland's extraordinary photography stretching the Institute's baroque spaces into elastic corridors of ominous haze. The film's imagery is all the more haunting because for much of the time it's so hard to make out, darkly shrouded in a chiaroscuro.

The film doesn't quite have the irreducibly uncanny flavour of the Quays' short films, and there are drawbacks — the densely literary nature of Walser's text and a rather feeble quality to some of the acting. Rylance's quivering diffidence being a compelling exception. Even so, *Institute Benjamin* is a powerful tool for unrest, and the first half hour is certainly one of the most extraordinary stretches of cinema this year.



Adam Cooper: wildly mysterious and scaldingly erotic

A prince among swans

DANCE
Judith Mackrell

A CHRISTINE KEELER look-alike does a strip routine where there should be maidens waiting, the Queen ogle young cadets when she should be controlling the Court, a bag-lady wanders by a moonlit lake whose resident swans are big, bare-chested men. On paper, *Adventures In Motion Pictures*'s new *Swan Lake* might read like a cheap hijacking of Petipa and Ivanov's classic. But on stage at Sadler's Wells, it's one of the most gripping, funny and profoundly moving dance works I've seen.

Choreographer Matthew Bourne has reworked the ballet so radically that it is impossible to give more than a taste of what's on offer. One major change has been to the role of Siegfried, whose sexual confu-

sion and emotional deprivation (drilled in the Royal Warrant from infancy and kept at a gilded distance from his mother) is, traditionally, the lens through which we view the work. Here, though, some of Siegfried's story is pure entertainment, brilliantly staged by Bourne and designer Les Brotherton. We see him harried by a monstrous regiment of servants and we see him at a Gala where the Queen trounces his unsuitable American girlfriend (prompting a hilarious ballet parody).

But the heart of the ballet is serious fantasy. The male Swan encountered by the suicidal Princess is a dangerous and beautiful creature who symbolises all the freedom and strength that Siegfried lacks. In act three, the Swan reappears as a sexual freebooter who seduces and menaces the disoriented Prince as well as ensnaring his mother. In act four, the Swan returns ei-

ther to rescue Siegfried or torment his poor broken mind. There is a complex layering of power and sexuality — the Prince may be gay or Oedipal, the Swan may be tender or destructive, the Queen may be a vulture or victim — and it's deepened by star performances. Fiona Chudwick is a wickedly cold Queen, Scott Ambler is a haunting Siegfried and Adam Cooper is mesmerising as the Swan. Through hipply clear dancing — without a hint of narcissism — he shows us a creature both wildly mysterious and scaldingly erotic.

But the real issue is how Bourne's choreography stands up to the original. There are certainly passages where he seems to be marking time, but where he's good he is very, very good. The *pas de deux* in act three is a knife fight of combative, menacing dance, while the language for the male swans is extraordinary, mixing weighty power, grace with strange, blind, ducking aggression.

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Aberrant knight

OBITUARY
Robert Stephens

SIR ROBERT STEPHENS, who has died aged 64, was a formidable actor who periodically achieved greatness. He lacked the consistency of an Olivier or a Gielgud. But he worked for all the major subsidised companies — the National, the RSC and the Royal Court — was a superb Falstaff and Lear and, in the perceptive words of William Gaskill, had the ability to understand the nature of failure.

The son of a West Country master builder, he left home in Bristol at 17 to train in Bradford under Esme Church. But, like most actors of his generation, he learned his craft in the hard school of weekly rep during a 16-month stint in Morecambe. From there he graduated to two-and-three-weekly rep in Manchester and it was there, at the Midland Hotel in the mid-1950s, that he was interviewed by Tony Richardson, who asked if he'd be interested in joining the newly-founded English Stage Company at the Royal Court.

Tall, good-looking and with a slightly caving, nasal voice not unlike that of the Court's house-dramatist, John Osborne, Stephens quickly made his mark. But it was in the title role of Osborne's *Epitaph For George Dillon* in 1958, first at the Court and later in the West End and on Broadway, that Stephens really caught people's attention. The great moment came when Stephens, playing a failed actor-playwright lodging in a dim London suburb, picked up a portrait of his landlady's revered, dead son and quietly murmured "You stupid-looking bastard".

Work in the West End, TV and film (including Richardson's *A Taste Of Honey*) quickly followed. But the defining moment in Stephens' career came with the foundation of the first National Theatre Company.

Stephens was Horatio to O'Toole's Hamlet in the inaugural 1963 production at the Old Vic and a swaggering red-coated Captain Fume in *The Recruiting Officer*: a role in which he was cast opposite Maggie Smith and that led to a volatile affair and marriage. Stephens had been married twice before and had a child by each of his previous wives). But the role that catapulted Stephens into stardom was that of Athanatos, the Incubus of Peru, in Peter Shaffer's *The Royal Hunt Of The Sun*.

It was a hard act to follow but Stephens, along with Colin Blakely and Derek Jacobi, quickly became a pillar of the National Theatre Company. He was a deeply Sicilian, Benedick — to Maggie Smith's Beatrice — in Zeffirelli's slightly overwrought *Much Ado*, based on a play by Lope de Vega; and a wonderfully camp curio-collector in Shaffer's light-reversing *Black Comedy*.

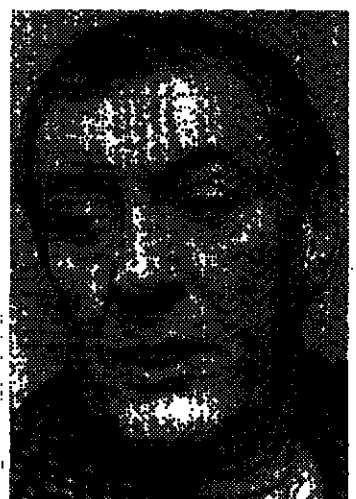
Stephens was a versatile, shape-changing actor but he seemed to have a particular intuitive sympathy with flawed writers. First George Dillon. Then, in a 1966 TV production of *The Seagull*, Chekhov's Trigorin, whom he played as an anti-romantic figure in battered shoes and check-trousers. And then his Lovborg, who was a coarse, brutal, self-destructive figure. But by the early 1970s Stephens' failure to match his wife's screen stardom — a Billy Wilder

Sherlock Holmes film on which he set high hopes turned out to be a disaster — plus his own self-destructive streak was beginning to take its toll. The marriage was falling apart; and not even a 1972 West End revival of *Private Lives*, with Maggie Smith playing a rather overblown Amanda to his surprisingly restrained Elyot, could keep it together.

In the wake of marital separation and eventual divorce, Stephens' career faltered. But it recovered brilliantly at Greenwich in 1974 in a Jonathan Miller season of "family romances". He went on to play Othello in Regent's Park and later re-joined the National Theatre playing Gavey in Peter Hall's *Cherry Orchard* and a memorable double of Herod and Pontius Pilate in Bill Bryden's production of *The Mysteries*.

But the grand reclamation of Stephens' career, after a desultory decade in the eighties, occurred at Stratford-on-Avon in 1991 when Adrian Noble, the new head of the RSC, cast him as Falstaff in the two parts of *Henry IV*. This truly was a great performance. Stephens played the old reprobate as a lonely hedonist in search of a filial substitute and hoping to find it in Hal: when his voice suddenly broke on the line "If I had a thousand sons" you realised this was a man haunted by his own childlessness. Yet it was also an unselfish portrait of a sharp-toothed predatory "old pike" prepared to devour his former cronies to achieve his own advancement. Stephens followed his Falstaff in 1993 with a memorable *King Lear* that was rich in pathos and that constantly pierced one's emotional defences.

Stephens' career, in its later stages, matched the triumph he had known in his youth. In 1995 he was also justly knighted and married his long-time partner and staunch support, Patricia Quinn. Even in my own random acquaintance, Stephens was also a delightful man: warm-hearted, convivial and full of theatrical anecdote.



Stephens' intuitive sympathy with flawed writers

and gossip. He was also deeply proud of the achievements of his son, Toby, who has matured into a strong classical actor. But what one will remember of Robert Stephens is his versatility, his vulnerability and his ability to invest the characters he played — and most of all his towering Falstaff — with his own understanding of the flaws in our imperfect human nature.

Michael Billington

Sir Robert Stephens, actor, born July 14, 1931; died November 13, 1995



Solo mum... Diana Rigg as Mother Courage PHOTO DOUGLAS JEFFERY

Emotionless Brecht for the bourgeoisie

Michael Billington on a toothless reworking of *Mother Courage*

BRECHT poses a problem in the modern theatre: one of fidelity or infidelity. Do we follow his detailed staging instructions (preserved in what he called Model-books) or do we treat him as freely as we might Shakespeare? In 1965 William Gaskill's National Theatre production of *Mother Courage* was an exact replica of the Berliner Ensemble's. Thirty years on, Jonathan Kent's new production jets everything we think of as "Brechtian". But the dismal sound I heard at London's Olivier Theatre last week was that of the baby being thrown out with the bathwater.

David Hare's new version sets the tone. In his introduction to the Methuen edition, Hare says the play is dominated by two great abstractions: Time and War. Reading this, I am reminded of a legendary story of a Henry V in Battledress at the Mermaid where the chorus announced, "This is a play about war," whereupon Peter Dews in the stalls bellowed out, "Wrong!" Actually *Mother Courage*, as Eric Bentley argues, is a play about business.

The heroine's philosophy, in a nutshell, is that you can't change the world but at least you can survive and keep your children alive. She haggles and bargains her way through the Thirty Years War to that precise end. The result? The death of all three children.

Hare's version also seeks to bring the play bang up to date with lots of four-letter words. Take the crucial moment at the end of Scene Six, when Mother Courage has seen the death of one son (Swiss Cheese), lost another (Bill) and seen her daughter scarred for life. How does

she react? In Bentley's version with "Curse the war!" In Hare's with a big shout by Diana Rigg of "Damn the fucking war!" It gets a loud, misplaced laugh and is miles away from the weary, mournful shrug with which the great Helene Weigel uttered the line.

But the real problem lies with Kent's weightless production for the National Theatre, and the failure of the stage-picture to express the meaning of the play. Brecht knew what he was doing when he created the indelible image of Courage dragging her cart, static when she thinks she is moving, against the rhythm of the revolving stage: as Gaskill says, "it's a visual presentation of the small business woman in a competitive world".

So what do we get here in Paul Bond's bizarre designs? A dominant image of a bird wheeling overhead in flight. And symbolising what exactly? Time? The freedom Courage is denied? Who knows? And the cart itself is a bijou little tent on rubber wheels that has a nifty habit of rising and falling with the drum-revolve. It might do for a holiday in the Lake District but the one thing it never suggests is Courage's canten-wagon and lifeline laden with the goods that keep her going.

Kent also deliberately blurs the period-setting of the play. We get hints of the 19th century but also of the Great War, sounds of the Last Post and anti-tank guns, the whoring Yvette in an Edwardian bustle, ravaged Nash vistas. But again, Brecht knew what he was doing when he chose the 17th century for his two greatest plays: a century that embraced both the possibilities of scientific humanism and the most meaningless of conflicts which dragged on for 30 years and did little to change the political map of Europe.

I'm not saying that you have to reproduce Brecht's instructions to the letter: all plays need to be rethought. My charge is that this production replaces Brecht's carefully-honed vision with something much flimsier and seems to be fired by nothing more than a vague war-is-hell sentiment.

Against all the odds, Diana Rigg makes an impressive *Mother Courage*. In her tight headscarf and russet dress, she suggests a sharp-witted, practical, humorously cynical, sexually eager woman; and she has one truly fine moment when, hearing the drums that signal Swiss Cheese's death, she stands frozen to the spot.

All I missed was that sense of rooted peasant earthiness: of a woman who struggles because she knows no other way of life.

THE paradox of this production is that, although it strives to junk all the old Brechtian baggage, it is much less moving than more orthodox versions. Lesley Sharp is perfectly good as the dumb Katrin but the moment when she tries on Yvette's hat and gloves fails to wring the heart as it did in Howard Davies' production and become a demonstration of her unexplored sexuality. Equally David Bradley makes a wry Chaplain but never suggests that the act of chopping wood is an expression of his insidiously jealous possessiveness.

In every sense, this is Brecht Without Tears: both a strangely emotionless production and an anodyne, de-politicised reading for all those who hate Brecht. It sidesteps the play's crucial attack on the heroism of the petit bourgeois economic philosophy and smoothes its ironic contradictions in symbolic visual effects. Brecht himself had a phrase for it: culinary theatre.

We have had Hamlet at Hackney Empire. Now we have *King Lear*. In a way it makes a kind of sense to see Jude Kelly's West Yorkshire Playhouse production in this scarlet and gold palace of varieties since it is effortlessly dominated by Warren Mitchell's performance as the king.

Mitchell is not some noble titan but a tetchy, violent irascible warrior, who in the early scenes makes no bid for our sympathy. He parades around the court in military hat, medals and sandals and treats the division of the kingdom as a shameless excuse for a display of public approbation. He dangles a crown almost menacingly in front of Cordelia and, at one point creepily paws Regan as if he is into the business of daughter abuse.

This is not a Lear one can easily warm to. But there is vigour in his rages and power in his curses and, in the great central scenes, he seems almost to be craving some kind of punishment for his sins; in fact he strips naked in the hovel which must be some kind of first for Shakespeare's king. And, even in the final section, Mitchell never opts for easy pathos. He covets around the blinded Gloucester at Dover Heath clutching a cassette player and at the last bends over Cordelia's body in self mortification. Some Lears crave one's tears. Mitchell's is a study of a wilful and capricious tyrant who learns a painful lesson.

It is a fine performance from an actor who deserves to be remembered for more than Alf Garnett. And, if there is any through line in Jude Kelly's somewhat bizarre production, it is that Lear's violent patriarchy has spread moral chaos both through his family and the whole kingdom.

Self-styled darling of high society

Patrick O'Connor

Noel Coward: a biography
by Philip Hoare
Sindclair-Stevenson 605pp £25

NOEL COWARD'S final entry in his diary, written three years before his death, carried a word of advice to any "wretched future biographer", to look in any blanks, "and good luck to him, poor bugger". He has been exceptionally well-served, for both his long-time companions, Cole Lesley and Graham Payne, wrote books about their years with him. Sheridan Morley, having written a memorable biography while Coward was still alive, then edited his diaries with Payne. There have been several scholarly studies of Coward's work, and now comes this huge biography, drawing on a great deal of new material.

Coward wrote two volumes of autobiography and planned a third, fragments of which were finally published in a recent compendium. In addition to these and the diaries, Philip Hoare has had access to unpublished letters, and what is referred to as "Mum's suitcase". This mass of material left by Violet Coward, a formidable stage mother if ever there was one, include her own diaries. The first glimpse we get of the strong-willed author — his immediate circle all called him "The Master" — comes from his mother's diary. "I am sadly afraid he was very much spoilt," she wrote, adding that he was "very forward and amusing". Those words hold good for the following 80 years. Unlike previous biographers, Hoare suggests an element of hysteria in Coward's personality, beginning with a scene when, aged seven, he threw himself

down, yelling and crying, because he had not won a prize at an end-of-term concert.

Coward became something of a child star, in early productions of Peter Pan and Where The Rainbow Ends, and the precociousness seems to have been repeated in the bedroom. By the age of 14, he was being taken on holiday by the painter Philip Streetfield and his chum Sydney Lomer (a captain in the Sherwood Foresters). Hoare writes that, "It apparently did not seem odd to Violet Coward that two grown men should want her 14-year-old son as a companion." Before the age of 18, Coward had had his first play performed, had songs published, appeared in a movie with Lillian Gish (Griffith's *Hearts Of The World*), and had begun to develop that style which has so often been imitated.

Did anyone ever speak like Coward before he invented what he described as a voice "definite, harsh, rugged". No one else would have used that description, rather it was as Cecil Beaton wrote, "exaggerated, clipped". Philip Hoare goes further and says "the precise, bullet-like delivery turned effeminate utterances into aural offensives", and goes on to call it a "flying, chopped-up sutter".

During the years when Coward's plays were completely out of fashion, he re-made himself as a cabaret performer and recording artist, performing his own songs with that extraordinary style. His fame might seem out of proportion to his achievements. Reading Hoare's books it becomes clear that one must divide Coward's creative life into pre- and post-Cavalcade. Before that patriotic pageant, he was the bright young thing, cocking a snook at everyone and everything. Afterwards, he sided with the establish-



Mad about the boy... Despite the huge amount written about Coward, Hoare's biography draws on new material. PHOTO: PETER KEAN

ment and, against the odds, being a much-lampooned homosexual, decided to play the high-society game. A lot of discussion about the whys and wherefores of Coward not being knighted until he was 70 include the cries about his supposed relationship with Lord Mountbatten and the Duke of Kent. It is illuminating to know that he addressed Mountbatten as "Dear dainty Darling". Prince George (Duke of Kent) is shown in one of Coward's snapshots, naked except for a pair of shorts and his bushy and among the other kiss-and-tell details the original of the movie star in Coward's song "Mad About The Boy" was, apparently, James Cagney. In Hollywood in 1931, Coward's relationship with Cagney didn't get any further

than "a rough and tumble on the floor", but left a strong impression. When Coward rewrote the song for the 1938 New York show *Set To Music*, he added a new verse, to be sung by a man. "And even Doctor Freud cannot explain/ Those vexing dreams/ I've had about the boy." Coward himself would have found the modern delusion that revelations about one's sex life are of the utmost importance decidedly vulgar. Hoare is eager to identify everyone by their preferences, sometimes at the expense of saying what else their achievements might have been. Thus "Katherine Cornell, the glamorous German-born actress and lesbian," is dismissed in a footnote, of no greater interest than Kiki Whitney Preston, "the girl with the

silver syringe" or the members of "the Pansies Parlour", the group who "surrounded General Waverley" the wartime Viceroys of India.

Despite all Hoare's diligent research, or perhaps because of it, there are a surprising number of mistakes. In telling the plots of several Coward pieces, he gets the story slightly wrong, for instance, suggesting that it is the worldly-wise star, Liesel, who gives up the love of a young officer, rather than the housewife, Roxanne, in Coward's 1938 *Operetta*. He makes little mention of Coward's recordings, and fails to evoke the allure of Gertrude Lawrence. Only Coward conveys it, in his first autobiography, *Present Indicative*. "She can be gay, sad, witty, tragic, funny and touching. She can play a scene one night with perfect subtlety and restraint, and the next with such obviousness and over-emphasis that your senses reel."

How will the future see Coward the dramatist? Hoare points up the influence of Saki on his work, and it is surely for his ironic, satiric gift that he will be valued, rather than the tedious, reactionary drawing-room comedies after the war. Four plays have survived everything (the *Reveries*, *Private Lives*, *Design For Living* and *Blithe Spirit*). There are three others which have more the period interest (The *Vortex*, *Fall Angels* and *Present Laughter*). The songs go on and on from the 1933 "Parisian Pierrot" through to "Do The Wrong People Travel".

Despite the reservations, I found the book gripping and surprising. I will, I imagine, arouse strong feelings just as Coward did himself. "He's too slick. He's the Anti-Dodger of society," sneered Laurence Olivier. A later generation admires him for the very things his contemporaries despised, and Kenneth Tynan wrote: "It was little short of miraculous that Coward managed to survive with such gallant and creative resilience."

Love's poison cloud

David Pallister

Eveless Eden
by Marianne Wiggins
Fleming 337pp £12.99

NOAH JOHN — note the Biblical forename — is a middle-aged American journalist based in London. A Pulitzer Prize sort of writer, with a conscience, a fine line in haute cuisine and a love of the opera, he is premier big story hitman for a New York daily. The Lebanese civil war, Tiananmen Square, the release of Mandela, the Wall coming down — you name it, Noah was there. Marianne Wiggins has obviously talked to a number of journalists and she gets the mood almost right — though at times she is infuriatingly skewed on technical detail.

Noah falls in love with a photographer, Lilith da Vinci, "briny, hot and headstrong". The story revolves around her rejection of his coosetting attentions and his obsessive search to answer the question: why did she do it, why did she leave and bring about his downfall? The answer is

not entirely convincing. Wiggins explicitly signals a debt to the romance of the movies and the power of the image: Casablanca, with its seedy bars and erotic promises; The Third Man, with its subterranean mysteries of a disembowelled Europe.

The account of the couple's meeting — they are both covering a freak poison-cloud eruption from a lake in Cameroon — is electrifying. (It is always fascinating to learn how writers do their research into alien worlds. Wiggins's evocative West Africa, the landscape and the expat community, are, she acknowledges, drawn entirely from the National Geographic Magazine and a Lonely Planet guide.) Though it is also a pace thriller, Eveless Eden is primarily a love story, a dark and desperate one about an ultimately dysfunctional relationship. Wiggins — playfully, skilfully, but occasionally with a straining enthusiasm for language — paints both parties with an androgynous ambiguity. Even Lilith's professional names disguise her sex. And in one of their rare rows, Noah asks, "Do you even like women?" "What do you mean, do I like women? I am a woman." "No you're not, you're a man with a uterus and ovaries." "No — you're the man with the uterus, I'm the man with the clitoris." A functioning clitoris, by the way. The competition over identity leads Lilith suddenly to disappear. Noah should have been warned: "My first love is myself," she tells him, and he marvels at the carapace

she constructs in her professional life. He fails to see her need for danger, a pathological need that gives her a curiously forensic personality. It is as if Wiggins is seeking to transmute Lilith's womanliness into something manly and mechanical. After all, Noah's computer is cunningly called EVE, Electronic Voice Epigone, something which also causes him distress.

Noah's search for his missing lover is bound up in a dramatic rendering of the fall of Ceausescu, and the object of Lilith's new desire turns out to be a mysterious Romanian politician — a Harry Lime figure involved in a foul trade of human blood un-audited for HIV.

The Romanian is called Adam, and represents Noah's nemesis for his blind devotion. The biblical references, like the gender ones, collide and confuse. In rabbinic literature, Lilith is a female monster, variously described as either the mother of Adam's demonic children or his first wife who left him because of incompatibility. There is a sense that all three characters are merely facets of the same flawed human being. Deracinated, bewildered and sexually wounded, Noah turns detective in his spare moments as he continues to travel and file his stories back to New York. The pain in his heart is mirrored by the pain in his hands from repetitive typing on his EVE.

Repetition for the reader is less painful. Reaching the end of this novel, you want to go back and reassess its clever symmetries of language and plot.

Faces that did not fit

Francis Spufford

Black England: Life Before Emancipation
by Gretchen Gerzina
John Murray 256pp £19.99

I F PUSHEKIN had been English, we'd have a national figure whose face and family history reminded us that the black presence in Britain did not begin in the forties. His great-grandfather Gannibal (Hannibal) was an African slave. The thousands of Africans brought to 18th century England, sometimes under equally undignified classical names — Caesar, Pompey — had no such inescapably famous descendant. Their community lost its distinctness after the abolition of the slave trade. By 1850, it had blended into the white working class and the first Black England had disappeared, leaving descendants who soon had no idea of their African inheritance. Some of them may be BNP voters on the Isle of Dogs.

This book aims to turn around the perspective in which the black footmen, beggars and musicians of the Georgian capital are figures as silent as the blackmoors blazoned all over contemporary shop signs; and to set their experience in the centre rather than in a picturesque margin. Gretchen Gerzina writes well about the visual issues of

lives lived to an oppressive extent within the judgment of white eyes. Black pages in wealthy households might be indulged as children, prized as fashion accessories, then abruptly face transportation to the West India plantations when adolescence spoils their appeal.

But Gerzina does not quite keep her promises, in part because she is predisposed towards the study of how Black England was represented, how "to imagine more fully representative lives". This is a book dominated by graphic and textual evidence, rather than one that constructs a picture from mass of particulars. A social historian needs to dig for details of wages, ground-rent receipts for the black churches which Gerzina says existed in London but does not take us inside. Her perspective is exciting but rarely microscopic.

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Within the belly of the EU beast

John Palmer

The Rotten Heart of Europe
by Bernard Connolly
Faber & Faber 427pp £17.50

NERVOUS Eurosceptics reading Bernard Connolly's account of the coming European apocalypse need not despair. The Commission official bears some good news as well as much bad in this remarkable despatch from within the belly of the EU beast. For all his invective against the perfidious EU, Connolly does not wish to be thought an extremist. The Commission and the leaders of France and Germany may be behind the emergence of "Pétain"-style pro-EU collaborationist politicians in the UK. But he warns that his "1940 analogy should not be overplayed".

Euro-federalists are not consciously working for neo-Nazi barbarism, even though the Germans may lead Europe into world-wide military "adventurism". Well, that's all right, then. Connolly worked for 15 years as a middle-ranking official, close to but rarely at the heart of the operation and crises

within the European Monetary System. His book is a richly written but partisan view of the complex process of economic and monetary integration which drives the EU forward. He focuses on the events which led up to sterling's expulsion from the ERM and the system's subsequent implosion. But his joy at this does not make up for the anguish he felt following Thatcher's "political assassination" by Tory Euro-traitors.

An account of the melodramas which punctuated the banal comings and goings of EU monetary officials is given its political charge by his wider conspiratorial view of the European project. Although by his own account a zealous Catholic, he exudes an almost Pétainite contempt for the Christian Democrats who aim to rebuild a new Charlemagne Euro-state. He insists that the Euro-federalist conspiracy embraces German and Beneluxian Christian Democrats, sinister leftwing socialists, deep-cover French nationalists (among whom he counts Jacques Delors) and "Rhenish" capitalists, as well as sundry agents of influence in national governments, banking,

the media and EU institutions.

The book is weakest in its understanding of why the ERM crisis happened. He derides the British government's unilateral decision to peg sterling at a clearly overvalued exchange rate (Mrs Thatcher's pro-ERM cabinet colleagues having outmanoeuvred her.) But that is what both Delors and the Germans warned would lead to trouble. His account of Norman Lamont's humiliation in the "White Wednesday" fiasco is also deficient. He ignores the despairing appeals made to Lamont to devalue the pound but keep it in the ERM before the final storm in 1991.

A REGIME of stable (but not inflexible) exchange rates was and is a key precondition for progress to monetary union. But Connolly does not see that it was because the ERM became, for some governments, a substitute and not just a preparation for EMU that it failed.

The final crisis was unleashed because the No vote in the Danish referendum on the Maastricht treaty questioned the political will for monetary and political union. The markets

knew that without that commitment a rigid, narrow-band ERM could not survive.

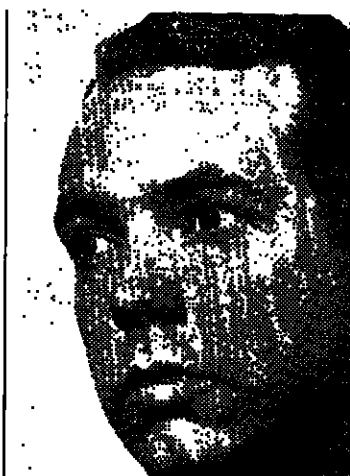
Like many obsessives, Connolly is an inconsistent conspiracist. Sometimes he denounces EMU as a means of extending German Bundesbank diktat over us and sometimes as a French-led subterfuge for weakening the Bundesbank, by making it subservient to a European Central Bank controlled by EU countries. Such is his taste for chthonic futurology, it comes as little surprise that he also fears that monetary union may lead to war between France and Germany.

In spite of this, he comes close to acknowledging that a single currency will happen towards the end of the decade. The real debate — nowhere echoed in this dated account of past battles — is now much more about how a single currency can be harnessed for generating environmentally and socially sustainable growth, more jobs and an end to the tyranny of money market speculation. Sadly, it seems Connolly has nothing to contribute on such matters. He even seems unaware that one of his few heroes — the financier, George Soros, who made a packet out of the ERM debacle — is now an influential advocate of a single currency.

Mortality bytes back

Robin Hunt

Microserfs
by Douglas Coupland
Fleming 371pp £9.99



Coupland: nerds inherit the earth

A BOOK was published in America this month which is essential reading for anyone puzzled by Douglas Coupland's hermetic American Dream novel, *Microserfs*. Professor Benjamin Barber's *Jihad Vs. McWorld* divides the world into two camps: the jihad, meaning religious and ethnic fundamentalism, versus McWorld, the land of McDonald's, MTV and Microsoft — which is the background to, and life force of, *Microserfs*.

Jihad Vs. McWorld asks, do these antithetical forces share a common soul, anarchy, the absence of democracy? You bet they do. What chance do poll-obsessive governments and legislators have against explain-it-all fundamentalism and do-it-all Windows '95 — the software package whose name is already being shortened to the more ominous Win '95? Such is the context for *Microserfs*.

We see the serfs as 18-hour-a-day programming fodder of "Bill" at Microsoft (the billionaire geek providing the necessary God figure that all such parables require). Later, they evolve into nifty businessmen by creating and marketing a software start-up company in Silicon Valley. *Microserfs* shows us the West Coast as a utopia where anyone — with money — can have new bodies, new lives, new companies; new software from Lex or Armani; new hardware from Gap or Ferrari.

Microserfs is full of the traditions of American business: the character effacement necessary to be a young executive; the triumph of identity and fulfillment through leaving the corporation "vested up" to start your own company and change

your body and dress code. And there is the possibility of the American Dream's satanic double: business failure and social oblivion — or even worse, a management job at IBM.

But, until mortality bytes late on, the kooky aphoristic ripeness of Coupland's writing almost succeeds in making us forget the hollowiness of these live-to-work lives. In the first 50 pages, there are more one-liners than in a decade of Woody Allen films; even those of us who haven't built a computer or programmed some code can still get most of the jokes. Karla, the love interest — though sex is about as frequent as Tupperware in *Microserfs* — bows out our hero, Dan, because he has forgotten the one-month anniversary of their first date. "I don't know about you, Dan," she says, "but I programmed my desktop calendar to remind me. Good night." It is, as Dan remarks, "nice to see this romantic side of Karla's personality."

Microserfs is full of the traditions of American business: the character effacement necessary to be a young executive; the triumph of identity and fulfillment through leaving the corporation "vested up" to start your own company and change

Modernism's cultural magpie

Ian Thomson

Numbers in the Dark
by Italo Calvino
Translated by Tim Parks
Jonathan Cape 276pp £14.99

WHEN Italo Calvino died of a cerebral haemorrhage at the age of 62, the Vatican offered a message of condolence. Gore Vidal then dispatched his own queenly tribute while an obituary by Umberto Eco — it was September 1985 — over-shadowed news about the Mexican earthquake. Amid this brouhaha, a calmer voice belonged to the writer-chemist Primo Levi. "Calvino was the only Italian novelist to have bridged the gap," he suggested, "between our earth-bound language and a science fiction language adequate to describe the stars."

Italo Calvino, troubadour of the Space Age, continues to entertain with *Numbers In The Dark*. This is a mishmash of fictional bits and pieces from 1943 to the author's death, and resurrects a one-cell organism called Qfwfq. Calvinophiles will recognise this protoplasmic blob from *Cosmicomics*, a collection of minimalist fables about the origin of Planet Earth. Calvino's Qfwfq exists in the first protozoa and later, in all evolutionary progressions from mollusc to man. Daft whimsy: it was the sort of thing Edward Lear might have dreamed up in outer space.

One of the funniest stories in this patchy collection concerns a neurotic long-distance telephone caller. Calvino's refusal to be glum sets him apart from other modernists. His marvellous fables trilogy, *Our Ancestors*, brought us allegorical fables about a cloven viscount, a non-existent knight and a baron who swings from the trees. Calvino's later fiction could appear rather dry. The *Castle Of Crossed Destinies* told the mingled tales of medieval travellers by means of Tarot cards. A joy for literary theorists, this book was crying out for

exegesis with its cerebral manipulation of narrative patterns.

Calvino, always the cultural magpie, took a good deal from semiotics during the 15 years he lived in Paris. A short murder mystery in this collection — "The Burning of the Abominable House" — is clearly influenced by French schools of analysis. Fortunately, Calvino understood that fiction without a story is scarcely worth its weight in paper. He was always readable. That's why Italians bought more than 80,000 copies of his novel *If On A Winter's Night A Traveller* within the first month of publication in 1979.

Calvino's literary aims often had more to do with the folk-fable than with radical innovation. *Numbers In The Dark* offers some bewitching parables which Calvino devised as a young partisan during the Italian Resistance; among them "Dry River" and "The Black Sheep". The enamelled brilliance of the prose is remarkable for a 20-year-old and looks forward to Calvino's first novel, *The Path To The Nest Of Spiders*. Apparently a gritty story about life under the German occupation, this invoked the imaginary animals of medieval bestiaries and shimmered with allusions to Gothic artists like Albrecht Dürer and Hieronymus Bosch.

In 1957, Calvino resigned from the Italian Communist Party after Soviet tanks had crushed the Hungarian uprising in Budapest. "Be-calm in the Antilles" is both an apology for that decision and a coy send-up of Robert Louis Stevenson.

The stories collected in *Numbers In The Dark* have been diligently edited by the author's widow, Chilida Calvino. They display a mandarin diversity of interests: (from astronomical and cosmological theory to Casanova's memoirs), but the veritigious attack of Italo Calvino's best fiction never occurs. Some readers may be interested to know that Calvino translates as "the little bald one"; a footnote tells us so.

Paperbacks

Nicholas Lezard

The Good Ship Venus: the Erotic Voyage of the Olympia Press, by John de St Jorre (Pimlico, £10.00)

A COMPULSIVELY readable history of the publishers who cornered the market in books unpublishable, due to obscenity, in these islands. This meant covering both the out-and-out pornography (DBs — Dirty Books — as they were called by the hard-up poets who wrote them, such as Christopher Logue) and also Lawrence, Beckett, Joyce, Nabokov, Donlevy and Burroughs. This is high-class literary gossip, with a beguilingly caddish figure, Maurice Girodias, holding the centre.

An Alphabet of Villains, by Brian Sewell (Bloomsbury, £8.99)

HOW sad that contemporary art forces lines to be drawn in the sand: dupes on one side, forgers on the other. The categories are Sewell's, taken from his essay here on Damien Hirst — which is more perceptive and generous than you might have thought. The point is that Sewell is as necessary (and perhaps as complicit) to the scene as the artists he chides; the attacks on him have made him think and have kept him on his toes. The cover shows him as a Hirst work: dead, pickled in a tank. You have to hand him this: he's got an artist's cheek.

The Hidden Huxley, ed. David Bradshaw (Faber, £7.99)

"THE GREAT Bourgeois Empire is surrounded by a more-than-Chinese wall. Class barriers are everywhere high; but in no country in the West are they so high as in England... our system of education is deliberately designed to accentuate those differences." Bully for Huxley for being still right; but it is 64 years since those words were written. This work contains more pieces like this, more patriotic and less stylish than Orwell (but who isn't?).

Politics: a Very Short Introduction, by Kenneth Minogue (Oxford, £4.99)

A VERY good idea, these Very Short Introductions, a new concept from OUP for an age with a brief attention span. Minogue (who once confessed to being plagued by fans of his namesake, Kylie, when they found his name in the phone book) is an admirable choice for showing us the nuts and bolts of the subject. He comes up with no clear answers, but can there be any after this: "Politics, along with physical labour and child-birth, is in Christian terms, one of the curses of mankind."

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